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(e) Study questions concerning agricultural co-operation, insurance, and credit in all their aspects; collect and publish information which might be useful in the various countries for the organisation of works connected with agricultural co-operation, insurance and credit.

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Part I: Co-operation and Association

GERMANY.

ORGANIZATION OF THE SALE OF BUTTER BY THE DAIRY SOCIETIES WITH AN ACCOUNT OF THE DEVELOPMENT AND ACTIVITY OF THE FEDERATIONS FOR THE SALE OF BUTTER,

by Dr. GRABER, General Secretary

of the National Federation of German Agricultural Co-operative Societies, at Darmstadt.

SOURCES:

There is in German no complete monograph on the organization of the butter market especially dealing with the organization of the federations for the sale of butter. Only in technical journals treating of co-operation and the dairy industry we find here and there brief notices on the subject. In its meetings the National Federation of German Agricultural Co-operative Societies, however, has on various occasions occupied itself with the organization of federations for the sale of butter. We may therefore take account of the yearbooks of that federation, for the years 1897, 1898, 1902 and 1906. (*Jahrbücher des Reichsverbandes der deutschen landwirtschaftlichen Genossenschaften, Jahrgang 1897, 1898, 1902 und 1906*).

In the development of the Hamburg Butter Auction Sales, the two following publications of Privy Councillor Petersen may be consulted with advantage.

Der Ostholsteinische Meierei-Verband seit seiner Gründung im Jahre 1886 (East Holstein Dairy Federation since its foundation in 1886). Lubeck, 1895. •

Die Butter Auktionen des Bezirks-Meierei-Verbandes für Ostholstein, ihre Entwicklung und ihre Bedeutung (East Holstein Dairy Federation Butter Auction Sales, their Development and their Importance). Eutin, 1905.

§ I. PROGRESS OF CO-OPERATIVE BUTTER MAKING.

The information we possess as to the number of the German dairy societies shows this form of co-operation has made considerable progress in Germany in the last twenty years, as has indeed the agricultural co-operative movement generally.

According to the statistics collected by the National Federation of German Agricultural Co-operative Societies, there were:

on July	1st., 1890	639 co-operative dairies
" "	" 1900	2,245 "
on December 31st., 1912	3,313	" "

And these figures do not give the full number of co-operative dairies, as they only refer to registered "co-operative societies." For economic purposes, we must include among these co-operative societies other businesses of co-operative character assuming various legal forms (registered unions, limited liability societies, etc.). The number of these dairies is considerable, above all in Schleswig-Holstein, Bavaria and Württemberg, and they may be reckoned to day at 700 or 800. Thus the number of co-operative dairies in Germany is about 4,100.

In the yearbook of the National Federation for 1911 (1) we find a group of data relating to the quantity of butter produced by these dairies. Thus, it is known that 1,869 dairies, with regard to which information has been obtained, received 2,352 million litres of milk. This amount is used for the most part to make butter, for the sale of fresh milk and the manufacture of cheese with unseparated milk are carried on only to a very limited extent. In fact it is seen from the information published that 1,163 co-operative dairies sold 167 millions of litres of fresh milk and 85 of them utilised 9,600,000 litres for the manufacture of cheese. The balance of the milk, utilised in buttermaking, must amount to about 2,175 million litres. This conclusion is supported by the fact that statistics give the amount of butter produced by 1,621 co-operative dairies as 77,600,000 kgs., and then about 28 litres of milk would have been required for the manufacture of 1 kg. of butter, which is nearly the average.

It remains to be known up to what point these data may be considered applicable to the 4,100 co-operative societies in existence and consequently to decide if they can serve as a basis for generalisations. In reality, it is not possible to determine accurately, by the help of figures, whether the above data are to be considered as corresponding with the average, either in the case of the 2,250 dairies that have given no information as to the quantity of milk supplied or in that of the 2,500 that have given no indication of the amount of butter produced.

It is therefore with reserve that we estimate that all the dairies of co-operative character annually treat about 4,500 million litres of milk *producing altogether* (if 28 litres are required to make 1 kg. of butter) *about 160 million kgs. of butter of an approximate value of 370 million marks*

Nor can we establish accurately the relation of the quantity of butter produced by the co-operative dairies to that of the total amount produced

(1) *Jahrbuch des Reichsverbandes der deutschen landwirtschaftlichen Genossenschaften für 1911*. P. 580 (Yearbook of the National Federation of German Agricultural Co-operative Societies, p. 580).

Germany. Several estimates have been made of the total amount of butter produced in Germany; but the bases of the calculations — average production per dairy cow, average consumption of milk per inhabitant, assumption of unseparated milk for nourishment of animals — are uncertain. Recently von Altmann (1) using the data at his disposal, has calculated the total milk production at twenty five thousand million litres (2,300 litres per dairy cow), the human consumption of fresh milk 7,847 million litres (120 litres a year per inhabitant), and the consumption of milk for feeding animals at 2,195 million litres; so that there could remain 15,181 million litres for butter and cheese making. However, we think the consumption by human beings and animals is underestimated and that the amount left for industrial transformation would be not 15,181 million litres but only about 13,000 million.

The Co-operative Dairies therefore supplied about 1/3rd. of the butter produced in Germany, while the remaining 2/3rds. were furnished by private persons, separately, whether owners of dairies or simple farmers. These data show at once that, even to day the production of butter and cheese, on a large number of farms, is carried on with the most primitive equipment and often on very unscientific methods. Dairy Co-operation is therefore a vast field before it to expand in. The fact is, however that the co-operative production of butter has attained a very considerable position in German economy. Except the loan and savings banks, no other branch of co-operative enterprise has attained such importance.

In order to show more clearly the part played by the co-operative production of butter in relation to the economical interests of Germany, we will reproduce here some figures relating to the importation and exportation of this product. In 1912 the butter imported was 555,530 quintals, valued at 129 million marks; the amount exported, for reasons that are very well understood, has become insignificant and in 1912 it had fallen to 2,187 quintals valued at 598,000 marks.

§ 2. VARIOUS METHODS OF SELLING BUTTER.

The butter of the co-operative dairies is either sold directly or through the medium of federations for the sale of butter. When the co-operative dairies sell their produce directly, they consign it, either to wholesale or retail dealers (wholesale sale), or to the consumers and members of the societies (retail sale).

It is generally sold to the wholesale dealers in tons or barrels of 50 kgs. net. The retail dealers either receive the butter in vessels of inferior capacity or in pats of half a pound or one pound sent by post or rail. The

(1) Dr. VON ALTMANN. Beiträge zur Statistik der Milchwirtschaft, pp. 32 (*Contribution to the Statistics of the Milk Industry*). Berlin, 1912.

butter is delivered to consumers on the spot in quantity as desired; in case it has to be forwarded, it is sent in pats of half a pound or one pound or parcels usually of 5 kgs. Sale to members of the dairy also frequently assumes considerable importance.

We have not sufficient statistical data to determine the degree to which each of the different forms of sale is practised. We may say generally that in districts where a considerable amount of butter is produced, but the population is not dense, the dairies are obliged to sell their butter wholesale to large dealers at a distance. These conditions are met with in several of the Eastern provinces of Prussia (East and West Prussia, Pomerania and Posen), as also in the Grand Duchies of Mecklenburg, Oldenburg, in Schleswig-Holstein, Hanover and Southern Bavaria. Here, when the co-operative dairies sell directly for their own account, that is to say not through the medium of the central co-operative societies for the sale of butter, they find their principal customers in the wholesale dealers of the most important centres of the butter trade: Berlin, Hamburg, Dresden, Leipzig, Frankfurt on Main, Cologne, Kempten, etc. On the other hand, retail sale has attained great importance, very often far superior to that of wholesale sale, in districts with an urban or dense industrial population, and chiefly in the provinces of Westphalia, and Hesse Nassau, the Rhenish Provinces and in South West and Central Germany.

We can only obtain figures with regard to the extension of wholesale and retail sale in the case of a few districts. The Statistical Tables of the Dairy Federation of the Province of Pomerania show that in 1911, in that province 117 co-operative dairies sold:

(a) wholesale	9,290,332 pounds (1) of butter
(b) retail	2,725,799 " "
(c) to members	1,823,072 " "
(d) to the staff	27,498 " "

The wholesale therefore far exceeded the retail sales, being nearly three times as considerable. The data we possess show quite the contrary proportion for sales of butter in January, February and March, 1907 by 12 (13) co-operative dairies of the Grand Duchy of Hesse.

• According to these figures, during the period, there were sold:

(a) in barrels	17,326 pounds of butter;
(b) despatched by rail, in boxes containing one pound or half pound pats	156,733 " " "
(c) by post, parcels containing one pound or half pound pats . .	75,923 " " "
(d) retail, on the spot	44,506 " " "
(e) to members	22,610 " " "

* (1) A German pound corresponds with half a kilogramme.

Here therefore the wholesale sales (a) are inferior to those made to retail dealers (b), or to consumers on the spot and at a distance and to consumers (c. d. e.), and during the six years since the date of the above return, there must have been a further movement in favour of direct sale to consumers.

Butter is sold to wholesale or retail dealers either at a price fixed in advance, which remains in force for the whole period of the contract, or at the market price of the day.

To establish this price the quotations of the centres of the butter trade, within the sphere of influence in which the place of production is, are consulted; thus, in North Germany, Berlin and Hamburg rates are usually regarded. However, according to the situation of the dairy, the quality of the produce, and the method employed for establishing the price, it is also customary to arrange a higher or lower fixed price than that ascertained.

Generally, we must consider sale at the market price of the day as most usual. In the case of parcels sent by post to consumers at a distance, sometimes fixed prices are charged; yet the first system prevails in the case of retail sales and is the rule in sales to consumers on the spot. Consumers are often granted specially favourable prices, sometimes far lower than the market prices. Thus butter was sold to the members of co-operative dairies of the Grand Duchy of Hesse which we mentioned above at 2 marks the kg., while the average wholesale price was 2.40 mks.

What we shall say hereafter will show to what degree the co-operative dairies sell their produce through the medium of the federations for the sale of butter.

§ 3. ADVANTAGES AND DISADVANTAGES OF THE VARIOUS FORMS OF SALE.

The question whether the preference should be given to wholesale or retail sale has been keenly discussed in the German co-operative press. No agreement could be come to, nor can one be come to.

Everybody, however, agrees that every co-operative society must, in the first place, endeavour as far as possible to meet the needs of members and non-members of the locality. More precisely, the question takes the following form: Must preference be given to sale to wholesale, or to retail dealers, or again to sale to consumers at a distance, the butter being forwarded by parcel post?

It is said in favour of direct sale to consumers at a distance of small amounts of butter forwarded by parcels post, that in this way the dairies will themselves obtain the profits of the wholesale and retail dealers, and consequently higher prices. As the butter trade gives a gross profit of from 20 to 40 pfennigs per kg., by selling directly to the consumers the co-operative dairies would themselves obtain this. Besides, sale to a large number of consumers renders the dairies far more independent

than trade carried on with only one dealer or a small number of whole sale and retail dealers. In the latter case, the dealers can much more easily influence prices and they know that the dairies must give way to them since they can not sell their comparatively large and varying amount of butter elsewhere.

But, with these advantages in favour of retail sale, there are, also drawbacks. Retail sale requires labour and expenditure far in excess of wholesale sale. Preparation of the parcels, despatch of correspondence making out accounts, book-keeping, examination of customers' complaint all involve much trouble and expense. The irregularity of the demand is another drawback. The number of consumers is subject to variation in accordance with individual circumstances; the quantity consumed often varies very considerably according to the season; for example, in the holiday season, the sale almost ceases. Another important point is the solvency of the customers. Generally, the system most in use, that of parcels paid for on delivery, excludes the possibility of loss, but the system is not always applicable. The greatest difficulty is to obtain a sufficiently large number of customers. In fact the great masses of the population cannot purchase directly from the dairies and have the butter sent them by parcels post. In view of the comparatively high charge for carriage of these parcels — 25 pfennigs for 5 kg. for 75 kilometres and less, and 50 pfennig for distances of more than 75 kilometres — it is only advantageous in the case of parcels of 5 kgs. containing 4,750 grs. of butter.

Now for a number of reasons — want of money, small daily consumption, want of suitable store rooms — a very large number of the poorer classes, or even of persons of average means are not in a position to take such large supplies of butter. It is true that several households of relations or friends may make a collective order and then divide the quantity received but this system is very inconvenient and in practice too often leads to disputes and misunderstandings. Thus the great mass of the population is obliged to buy daily small or very small amounts from the retail dealers.

Direct sale of butter forwarded by parcels post is only suited to a limited number of private customers. These are families in easy circumstances, consuming large quantities of butter, and possessing suitable store rooms. They desire to have fresh butter of the best quality and it is often for that reason that they apply to the dairies which are best able to meet their requirements. The group of these consumers of superior goods can not naturally be large. It is true that direct sales to the public do not all originate with the superiority of the butter consigned. In their efforts to obtain a larger private custom, the co-operative dairies often sell at prices far lower than those asked by the retail trade, and this has excited violent opposition on the part of the dealers to the carriage of butter by parcel post. In these circumstances, direct purchase means for the mistress of a middle class household a saving she is glad to make in view of the limited resources of the family. However, as an amount of from 4 to 5 kg. of butter exceeds the requirements of an ordinary middle class

THE SALE OF BUTTER BY THE DAIRY SOCIETIES

family, or in the absence of a suitable place for storing it, it becomes necessary to share the quantity bought among relations and friends, with all the drawbacks such a system may entail. All these reasons render the application of direct sale to private customers impossible or at least difficult.

It is above all in districts of large production without urban centres near that might make a large demand, that the co-operative dairies have to address themselves to wholesale and retail dealers for the sale of their produce. The question whether it is more profitable to sell to wholesale or retail dealers leads to considerations similar to those set forth in our examination of the advantages and disadvantages of direct sale to consumers. It may be to the advantage of the dairies to deal with retail rather than with wholesale dealers when they have succeeded in obtaining for themselves a solid clientele which can take their whole output of butter regularly at suitable prices.

The question whether it is best to adopt a fixed price or that of the market for the day is simpler than that of wholesale or retail sale. The sale of the output at a fixed rate is a great convenience for the management of the business, but it is not scientific. It is true that the management is thus relieved from the necessity of watching the market prices, and consequently from all anxiety as to obtaining the best possible prices; but this advantage costs the dairies dear. The dealer who has to bear the risk of the fluctuations in price naturally keeps this risk in mind; and pays a price very much below the average annual rate.

Several co-operative dairies have had sad experience of this, above all in the autumn of 1911 when, through deficiency of pasturage, the price of butter at Berlin rose to 153 marks the $\frac{1}{2}$ quintal and the dairies, bound by contracts for the year to supply at fixed prices, could only obtain 100 marks. In face of financial losses of this character, any advantage the system may offer disappears. Therefore the co-operative federations are unanimous in recommending the dairies to arrange their contracts in accordance with the daily market price.

The above statements are confirmed by the statistical data at our disposal. However, we have no complete statistics of the results obtained by the dairies by the various systems of sale, but the data for certain co-operative federations and dairies throw some light on the situation. We know the average prices realised in 1911 by 117 co-operative dairies of Westphalia.

They were:

For wholesale sale	125.18 mks the $\frac{1}{2}$ quintal,
„ retail „	136.40 „ „ „ „
„ sale to members	127.70 „ „ „ „

The co-operative dairies of Westphalia obtained per pound of butter

Years	To Private Persons		To Dealers		To Members (Supplying Milk)
	at Fixed Contract Price	at the Market Rate for the Day	at Fixed Contract Price	at the Market Rate for the Day	
	(Marks)	(Marks)	(Marks)	(Marks)	(Marks)
1911-12 . . .	1.40	1.45	1.32	1.39	1.31
1910-11 . . .	1.32	1.35	1.26	1.29	1.25

The co-operative dairies of Hesse, with which we have already dealt above, obtained in 1907 the following prices per pound:

	January — pf.	February — pf.	March — pf.
For Wholesale Sale to Wholesale Dealers.	102.2	120.1	120.6
„ „ „ „ Retail Dealers . .			
(a) at Fixed Contract Price	123.6	126.0	124.5
(b) at Daily Market Rates	125.7	126.3	125.2
For Sale of Butter forwarded by Parcel			
Post	126.1	127.6	127.1
„ Direct Retail Sale	127.0	128.4	127.7

The following figures relating to prices obtained by a large co-operative dairy of Pomerania are especially instructive. The prices are expressed in pfennigs per pound.

Years	Berlin Price	Prices for Butter Despatched Wholesale Free of Charge to Berlin	Difference between these Wholesale Prices and the Berlin Prices	Prices obtained in the Cities	Prices Obtained with Despatch by Parcel Post	Prices Obtained with Despatch by Parcel Post after Deduction of Cost of Forwarding	Difference between the Retail Prices in the preceding Column and the Wholesale Prices
*1907	118.83	120.95	+ 2.12	132.07	137.01	128.01	+ 7.06
1906	120.39	122.17	+ 1.78	131.53	135.48	127.48	+ 5.31
1905	118.90	119.48	+ 0.58	129.12	134.95	125.95	+ 6.47
1904	114.82	113.18	— 1.64	123.91	129.17	120.17	+ 6.99
1903	112.29	113.25	+ 0.96	123.47	128.33	119.33	+ 6.08
1902	109.10	113.39	+ 4.29	122.64	129.15	120.15	+ 6.76
1901	113.65	113.05	— 0.50	124.30	129.75	120.75	+ 7.70
1900	101.19	110.21	+ 8.08	121.18	125.88	116.88	+ 6.67

These figures prove that direct despatch to the consumers at a distance is the most profitable form of sale. The above Pomeranian co-operative dairy obtained in this way 6 or 7 pfennigs more per pound, less cost of forwarding (9 pfennigs per pound), than by wholesale sale. The difference is not so considerable in the case of the Hessian and Westphalian societies; but the statistics are less accurate and detailed and consequently unsuitable for comparison.

It must be noted in reference to the data reported for Hesse and Westphalia, that the sales at daily market rate are far higher than those at contract price. The difference, for the reasons already noted, is above all noticeable in the year 1911-1912 in which it was 7 pfennigs per pound in the case of sales to dealers.

While recognising the advantages of retail sale, we must observe that, in consequence of the conditions above explained, wholesale sale is an economic necessity for many co-operative dairies. The enquiry as to the form economically best adapted to this mode of sale seems then to be of great importance. After the happy experience of the federation of co-operative societies, united in central associations — central banks, central societies for purchase and sale — it was necessary to think of uniting the co-operative dairies in central organizations of sale — federations for sale of butter, and federations for sale of butter by auction.

§ 4. ORIGIN AND DEVELOPMENT OF THE FEDERATIONS FOR THE SALE OF BUTTER.

The origin of the federations for the sale of butter dates from about 1870.

The oldest Central Co-operative Society of this kind, the *Ostpreussische Tafelbutter Produktionsgesellschaft für den Butterabsatz zu Königsberg* (East Prussian Society for the Production and Sale of Butter, at Königsberg), was founded in 1877. But it was only about 1890 that there was the first strong movement in favour of central organizations. This movement was, on the one hand, encouraged by the law of 1889 on co-operative societies which recognised the central associations, and, on the other hand, by the rapid increase in the number of co-operative dairies at that time. With the multiplication of these institutions — in 1895, they were already 222 — the necessity of providing for the collective sale of the butter by means of central co-operative societies began to make itself felt. Thus the economic councillor Johannsen at the congress of the National Federation of 1897 at Dresden showed that independent sale on the part of the separate co-operative dairies was the cause of very keen competition which, in its turn, led to a lowering of prices. "Every day we may observe the efforts made by new dairies to obtain customers, by offering lower prices, not only for wholesale supply, but also for supply by parcel

post." The consequence of this rivalry was not only that it became impossible for the co-operative dairies to have any influence for the establishment of profitable prices, but also that the quality of the product depreciated. Unrestricted competition prevented any effort for the improvement of the quality of the butter; societies could not attempt to obtain a good product when they had always to be on their guard lest they should go under in the struggle of competing producers, aiming in the first place at cheapness at the expense even of quality. The little care shown with regard to the latter had at the same time an appreciable effect; it rendered competition with butter by its substitutes possible; margarine injured the butter export, while twenty years before it was still important. These circumstances led to the foundation of federations for the sale of butter, the task of which was to reduce the mutual competition of the co-operative dairies; to distribute the product evenly on the markets, to strengthen the position of the co-operative dairies in their dealings with merchants and other customers, and thus to acquire a beneficial influence in establishing and fixing prices; and finally to favour the improvement of the quality of the butter.

Thus the central societies for the sale of butter now existing in Germany of which we give the following list were founded:

Molkereiverband "Kleeblatt" e. G. m. b. H. Prenzlau (Federation of the "Clover" Dairies, Limited, at Prenzlau);

Niederbayerische Butterverkaufsgenossenschaft in Passau (Lower Bavarian Co-operative Society for the Sale of Butter, at Passau);

Ostpreussische Tafelbutter-Produktivgenossenschaft in Königsberg (East Prussian Co-operative Society for the Production of Table Butter, at Königsberg);

Westpreussischer Butterverkaufsverband in Danzig (West Prussian Federation for the Sale of Butter, at Danzig);

Zentral-Butterverkaufsstelle der Vereinigten Molkereien des Schlesischen Bauernvereins in Breslau (Central Society for the Sale of the Butter of the Confederated Dairies of the Union of the Silesian Peasants, at Breslau);

Verkaufsverband norddeutscher Molkereien in Berlin (North German Federation for Sale of Dairy Produce, at Berlin);

Verkaufsgenossenschaft Nordwestdeutscher Molkereien in Oldenburg (Co-operative Society for the Sale of the Butter of the North West German Dairies, at Oldenburg);

Molkereiverband Ostfrieslands in Esens (Federation of East Frisian Dairies, at Esens);

Schwäbischer Molkereiverband Chemnitz (Suabian Dairy Federation, at Chemnitz).

The Federations for the sale of butter by auction have the same objects. The oldest of these is the *Butterauktions-Verband in Hamburg* (Federation for the Sale of Butter by Auction, Limited, at Hamburg) which dates from 1886, and in which 5 district dairy Federations of Schleswig-Holstein are interested.

In 1907, a *Butterauktionsverband e. G. m. b. H. in Berlin* (Federation for the Sale of Butter by Auction, Ltd., in Berlin), was founded on the

model of the foregoing. The new federation specially serves for the co-operative dairies of the provinces of Brandenburg and Pomerania, as well as those of Mecklenburg.

We have only incomplete statistics with regard to the quantity of the butter sold by these central societies. The managers of these organizations are not disposed to publish statements of the work done by their societies, as they fear that rivals may take advantage of them. So the following figures refer in some cases to years already remote, as it has not been possible to obtain those for more recent years. The amount of butter sold by the following federations was :

North German Federation for Sale of Dairy Produce	in	1911 : 16.73 million mks.
Federation of "Clover" Dairies	"	1911 : 2.03 " "
Co-operative Sale Society for the North West German Dairies	"	1911 : 1.60 " "
Central Society for the Sale of Butter, Breslau	"	1911 : 0.55 " "
Lower Bavarian Co-operative Society for the Sale of Butter	"	1906 : 3.02 " "
Suabian Dairy Federation	"	1907 : 2.28 " "
East Prussian Co-operative Society for Production of Table Butter	"	1898 : 0.58 " "
West Prussian Federation for the Sale of Butter	"	1907 : 2.43 " "
Federation for the Sale of Butter by Auction, at Hamburg	"	1912 : 3.30 " "
Federation for the Sale of Butter by Auction, in Berlin	"	1912 : 1.50 " "
Total		36.02

Allowing for a certain increase in the sales of the four federations, the figures given for which refer to years too remote from us, the total amount of butter sold by the central societies may be reckoned at from 40 to 45 millions. This amount does not seem too large, when we compare it with the total amount of butter produced by co-operative societies, which is about 370 million marks. Certainly the centralisation of the sale is less appreciable in the case of butter than in that of grain and livestock, on account of the different nature of such produce.

Grain and livestock not being capable of any transformation rendering them immediately fit for consumption cannot be sold directly to the consumer: in their case wholesale trade remains an economic necessity. On the other hand, butter, an article already prepared and ready for consumption, may be sold immediately. And we have seen in the foregoing section that the co-operative dairies have even profited to a fairly large extent by this possibility, when the necessary economic condi-

tions existed for immediate retail sale. Under these conditions, the dairies have no need of the intervention of federations for sale.

Yet, even when the co-operative dairies are obliged to sell wholesale, affiliation to the federations does not proceed to the extent that might be desired.

There are several reasons for this. Already at the Congress of the National Federation held at Dresden in 1897, it was asserted that the managers of the dairies are averse to their affiliation to federations for the sale of butter. They see in the work of the central societies, which deprive them of the power of choosing the markets for their produce, a limitation of their autonomy. They desire, as is easy to understand, to supervise this important work themselves, and they consider themselves capable of arranging so as to obtain a profit for the society at least equal to that the central societies can obtain for it. Nor are they ready to interrupt their already existing business relations with wholesale or retail dealers.

Nor must we forget the very great difference there may be in the qualities of butter, in consequence of which many dairies are afraid that their produce may not be sufficiently appreciated by the central societies.

Let us add that the customers are often used to the mark of such or such a special co-operative dairy: the centralisation of sale would not always allow of their individual tastes being considered. It is chiefly for these reasons that the sale of butter by means of central societies has not had the development that would, however, have been desirable in itself.

We must finally mention an institution lately founded by the National Federation of German Agricultural Co-operative Societies, for the purpose of regulating the butter market. In consequence of the rapid increase in the consumption of butter in districts where the population is dense, and the increase in the sale of fresh milk, a large number of co-operative dairies were no longer able to meet the requirements of their customers by means of their own produce. They thus found themselves forced to buy either from the federations for sale or from dealers. To obviate this necessity of recourse to dealers, in May, 1912, the National Federation organized a free exchange of addresses between dairies desiring to purchase butter and those wishing to sell (1). In this way the dairies are given the possibility, of coming into immediate relations with each other, without any expense, so that supply and demand may balance each other, while the expenses of commission usual in trade are saved.

§ 5. ORGANIZATION AND RESULTS OF THE FEDERATIONS FOR THE SALE OF BUTTER.

The existing federations for the sale of butter have almost all been constituted under the legal form of registered co-operative societies. They declare that their chief object is the collective sale of the butter produced by their affiliated dairies.

(1) See "Bulletin of Economics and Social Intelligence", August, 1912, page 4.

They have also another class of objects, such as the encouragement of all efforts tending to the improvement of the conditions of production and the quality of the produce or the collective purchase of the material made use of in the dairies. Besides the co-operative dairies for a special district described in their rules, owners and renters of dairies are admitted as individual members of the federations. As far as regards large landed proprietors who own dairies, their admission seems fully justified; but at first glance it might seem strange also to admit persons working dairies in their character of land holders or tenant farmers. However, as regards the interest of the societies this can give rise to no anxiety and, certainly, the influence of the federation in this way can only be increased, as is desirable.

If the federations for the sale of butter desire to attain their object, they must make sure of the compulsory consignment of the butter produced by their members, that is to say, introduce the system of *compulsory consignment*. This is arranged differently in the different federations; sometimes exception is only made for the amount of butter needed for the consumption of the members, sometimes also that of the butter intended to be sold direct to consumers or retail dealers is excepted. This is because the co-operative dairies will not or cannot give up this method of sale, because it is often more profitable, for the various reasons which we have mentioned. It is, however, certain that it is a cause of weakness for the central sale organization.

The Federations sell the butter to wholesale or retail dealers at the warehouses they have founded or by auction. The largest Federation, the North German Federation for Sale of Dairy Produce, in 1911 sold butter to the amount of 12,580,000 marks wholesale and 4,150,000 marks retail, in its 35 warehouses for the sale of butter in Berlin and Dresden.

The commission charged by the federations varies between 1 and 4 pennings a pound. Payment for the butter sold is made to the dairies either on the basis of the prices actually received for the produce forwarded by the dairies after deducting expenses; or on the basis of an average price, after classification of the produce according to quality. The latter system is especially applied by the North German Federation for Sale of Dairy Produce. In that Federation, the average price is arrived at by dividing the total quantity of produce supplied during a month by the total receipts. In order to offer, under the form of a higher price, a reward to the dairies supplying specially good quality butter and also in order that the price of good butter may not be reduced on account of produce of inferior quality, every consignment is examined on its arrival by a competent employee and placed in one of six classes corresponding with the various qualities. The average price is only paid for the third class; a certain fraction is added or deducted in the case of the other classes. Any member is allowed to compare his produce with that of the other members on the spot and also to subject his butter to the examination of an arbiter.

This mode of payment is justified by the great extent of the business which renders difficult a calculation in each case on the basis of prices actually realised on the produce forwarded.

At the same time, the classification is a strong incentive for those concerned to improve the quality of their produce. For this reason, we find similar systems of classification in other federations for the sale of butter. What further contributes to the desired result is the fact that the federations have instituted trade marks for their members in order to show the origin of the butter, which is the more effectually done, as they are protected by law against those who make use of the trademarks illegally.

Thus the Königsberg co-operative society has registered the lily of the valley as its trade mark, the East Prussian Federation for the Sale of Butter has registered the violet, that of Prenzlau the clover. The necessity of preserving a good reputation for these marks protected by law obliges the federations from time to time to examine the quality of the butter their members forward.

On the results of this examination may depend the continuance of their membership or their right to continue to use the trade mark.

The results obtained by the federations for sale of butter and the federations for sale of butter by auction have answered the expectations of their founders. These institutions have above all had a favourable influence on the formation of wholesale prices. It is certain that the increase of from 40 to 45 marks per quintal in wholesale prices in the last fifteen or twenty years is to be attributed in the first place to various economic causes, but it is also evident that the agreement established among the co-operative dairies has also appreciably contributed to it. While at first the separate dairies were dependent upon the wholesale dealers, who could consequently lower their prices, the dairies have become to day, in consequence of their unions, an active influence on the butter market. This appears also especially in the fact that these dairies have their part in fixing the prices of butter in the leading centres of trade in Berlin and at Hamburg. As the price of butter on these two markets is of decisive importance for the trade throughout Germany, a rate accurately corresponding with the real conditions of the market and the prices really paid is of the highest importance. It is one of the great merits of the federations for the sale of butter to have worked untiringly for the removal of abuses in the fixing of the price of butter. What, in the second place, tends to the establishment of a just price is the fact that the prices really paid at auction sales in Berlin and at Hamburg are published and consequently allow of the official quotations being checked.

The beneficent influence of the federations is making itself more often felt even among non-members. Still, the co-operative dairies, not attached to the federations, have often, even within the last ten years, had painful experience in their relations with the trade. In times of slackness of business it has frequently happened that small dealers have returned their butter after purchase, have deferred payment or even not paid at all.

And we must not forget that very often in their conditions of purchase the dealers insist on large deductions for tare, so that there is really a very large reduction of the net weight. •

What deserves special notice is the useful work accomplished by the federations in improving the quality of the butter by means of the systems of examination and classification they have instituted. The German dairies must try more continually to improve their produce, as in consequence of the improved means of international communication and methods of production, butter is becoming an article of international trade and the amount imported into Germany is increasing (1).

As the purchasing power of the population is increasing and superior quality is always better appreciated by a larger clientèle, perfect home manufactured butter will be as readily sold as indifferent butter exposed to severe foreign competition. It is therefore very important from the point of view of national economy that the federations for the sale of butter should actively seek to improve the quality of their produce.

The result of their efforts in all these directions would be still greater if the co-operative dairies that have to sell wholesale adhered in larger numbers to the federations. But the difficulties we have mentioned hinder them. There is another difficulty, namely that an understanding has not yet been come to between the various federations for the sale of butter in North Germany. These federations even compete against each other, above all on the Berlin market, and so the influence they might have is weakened.

Finally as regards the distribution of free lists of addresses recently arranged by the National Federation, in order that the supply and demand may be more evenly balanced, it seemed evident in advance that it could only have a limited success. For the establishment of a complete and effective balance between supply and demand, commercial institutions of a more extended range than that of a mere exchange of addresses must be founded. However, about 40 co-operative dairies, mostly in Central and Western Germany, have applied to the National Federation for permission to benefit by the arrangement. We have not yet any statistics of the business actually concluded in this manner. However, the National Federation has received frequent communications on the matter announcing the passing of contracts and expressing full satisfaction with the initiative taken by it.

(1) The import was in 1901 166,360 quintals; in 1905, 369,370 quintals, and in 1911, 560,730 quintals.

AUSTRIA.

1. IRREGULARITIES AND ERRORS TO BE AVOIDED IN AGRICULTURAL CO-OPERATION,

SOURCES:

PRO MEMORIA BETREFFEND EINIGE IM LANDWIRTSCHAFTLICHEN GENOSSENSCHAFTSWESEN WAHRNEHMBARE FEHLER UND DIE KUNFTIGE VERMEIDUNG DERSELBEN. Erlass des K. K. Ackerbauministeriums. (*Report in connection with certain Defects in Agricultural Co-operation and the Means of Avoiding them in Future. Circular of the I. R. Department of Agriculture*).
ÖSTERREICHISCHES STATISTISCHES HANDBUCH, 1911. K. K. Statistische Zentralkommission.
1912 (*Austrian Statistical Handbook for 1911*).
ÖSTERREICHISCHES LANDWIRTSCHAFTLICHE GENOSSENSCHAFTSPRESSE, January 9th., 1913.
No. 229.

§ 1. WORK OF THE AGRICULTURAL DEPARTMENT.

We have on various occasions spoken of the development and importance of agricultural co-operation in Austria, showing how the societies are associated in Regional Federations and Central Banks, in their turn almost all united in a central body, the General Federation of Austrian Agricultural Co-operative Societies (*Allgemeiner Verband landwirtschaftlicher Genossenschaften in Oesterreich*), with head quarters in Vienna (1). Now, therefore, we shall limit ourselves to reproducing the latest statistical data recently published.

• According to official statistics there were in Austria (on January 1st., 1912) 11,196 registered agricultural co-operative societies in a total of 17,841 co-operative societies, agricultural and not agricultural. The principal group of the former was composed of co-operative credit societies of Raiffeisen system, 7,991 in number; the remaining 3,105 are societies of various

(1) See *Bulletin of Economic and Social Intelligence*, Year I, No. 1. pp. 114 et seqq.; Year II. No. 2. pp. 39 et seqq.; Year III. No. 1. pp. 23 et seqq. In No. 10, of Year III, we began the publication of a series of articles by Dr. OTTO NEUBÖCKER, General Secretary of the General Federation of Agricultural Co-operative Societies, in which he deals with the organization of agricultural co-operative societies in the various Provinces (See same *Bulletin*, Year IV, Nos. 1 and 2).

character ; societies for production, purchase and sale, co-operative warehouses, etc. In the year 1911 the increase in the number of agricultural co-operative societies was as follows : Raiffeisen Banks, 380 ; other co-operative societies 401, with a decrease of 20 banks and 83 agricultural co-operative societies of other character.

The Raiffeisen Banks alone have about 1 million members, a number which increases rapidly ; in fact there were in 1903, 443,000 ; in 1908, 785,000 ; in 1909, 863,000 ; in 1910 ; 945,000. With regard to the business done by them, the credits and debits together showed a total of 316,290,000 crowns in 1903 ; 691,845,000 crowns in 1908 ; 783,995,000 crowns in 1909 ; and 867,560,000 crowns in 1910. This progress corresponds with an increase in the number of Raiffeisen Banks, which was respectively 4,258 ; 6,627 ; 7,159 and 7,631.

Taking into consideration the part played by the Raiffeisen Banks in general agricultural economy and in their relations with other agricultural co-operative societies, it is easy to understand that such a network of co-operative societies associated in more than 30 Federations and Central Banks, constitutes an element of vital importance for the national economy.

This large development has been realised, thanks to the spirit of association and solidarity of the farmers, and, *last not least*, thanks to the provident action of the Department of Agriculture, which has given the co-operative agricultural movement its utmost support. It is thus that agriculture has to-day at its disposal a thick network of co-operative credit societies, which have put down usury in the country districts ; while the co-operative societies for purchase and sale, on the one hand, provide the farmers with the articles necessary for their business, at cost price, and, on the other, procure the sale of the produce of the members wholesale, eliminating the intermediaries and reducing the expenses. The Federations, on their side, discipline those economic forces, so that they may form a firm compact organization and promote the foundation of new co-operative societies, propagating co-operative principles by example and instruction.

The work of the Agricultural Department, which has organized a service specially for the purpose, has been active and unceasing in behalf of co-operation, giving support to good undertakings, and laying down rules for their guidance so that the co-operative movement may proceed with one aim, granting subventions, etc. This Department recognised the right of the agricultural co-operative societies to representation in the Superior Council of Agriculture ; further, the Department always consults the agricultural economic organizations, in important questions.

Now the Agricultural Department has issued a circular in form of a Report, indicating in it certain irregularities in co-operative practice and laying down rules so that in future greater prudence and circumspection

may be exercised in the foundation and administration of co-operative societies.

Recently, there have been failures and cases of mismanagement in the co-operative field, which have given rise to serious apprehensions. Enemies have profited by them to throw discredit on agricultural co-operation in general. But on the contrary, the defects complained of are due either to inexperience or to maladministration, and, in any case to the *misapplication* or *non-observance* of the fundamental principles of co-operation. Therefore, to draw general conclusions from particular and isolated instances would be exaggerated and unjust.

In fact, co-operation appears more and more as an economic principle resting on a solid basis and fruitful in brilliant results, when the necessary precautions are taken.

Now, the Agricultural Department is calling the attention of farmers to certain principles of prudence that have been recently more than once forgotten and is laying down stricter rules for the concession of subventions to the societies.

§ 2. PRECAUTIONS TO BE TAKEN IN THE FOUNDATION AND MANAGEMENT OF A CO-OPERATIVE SOCIETY.

The Agricultural Department, about 12 years ago, prepared a programme for the encouragement of co-operation, including measures both general in character (education, technical advice, moral support) and specially economic (subventions in money).

Now certain persons have fallen into the mistake of believing that the amounts placed on the estimates for subventions to the co-operative societies might serve directly for founding co-operative societies, without the members having to concern themselves too much with the collection of the necessary funds. Co-operative societies have been founded carelessly as it was held that the Department would at once hasten to supply the larger part or all of the funds for instalment or working, without enquiring whether the conditions indispensable for the prosperity of the undertaking in contemplation, and principally the spirit of union among the members existed or not.

Now, co-operative societies are undertakings, of somewhat difficult and often complicated organization in which interests are at stake involving the fortune and the liability of many individuals. The failure of such undertakings therefore may have most important consequences for the money market and may not seldom reduce many small farmers to poverty.

It is therefore inadmissible that co-operative societies should be formed carelessly and without the necessary precautions, in the expectation that the State will intervene to make up for the errors committed by means of subventions.

State action, says the Report, *in behalf of co-operation is not intended to take the place of, but only to awake and revive, the free energies and economic forces of the organized farmers, leaving them all the responsibility.* Therefore the subventions granted by the State must never form the financial basis of the society. The members must arrange for that by contributing the necessary capital.

* *

So much in general. In particular then, in *co-operative credit societies*, we must admit the very great importance of the book keepers' being persons duly prepared for their work and absolutely trustworthy. It is necessary always to keep an eye on the economic situation of the members; to examine rigorously in each case if the applicant for credit really deserves it; to supervise the use the borrower makes of the money received and especially to see that the savings deposits are not immobilised in mortgage loans, as that conflicts with the idea of personal credit. Frequent and thorough examination must be made.

In the case of *co-operative purchase societies*, the Report especially recommends that farmers be prevented from installing large warehouses and storehouses, unless they have abundant capital and reserve funds.

Censure must also be passed on societies of very small farmers that, without capital of their own, work not only as co-operative credit societies and societies for purchase of every kind of goods, but also buy buildings in which to instal themselves; and further, besides engaging in business of the most varied kind, undertake the working of mills, co-operative dairies etc. It is also to be deplored that many agricultural co-operative societies buy and sell articles of food and manufactured produce, without the commercial experience indispensable for the purpose.

* *

With regard to *co-operative societies for the collective purchase of machinery*, it is observed that the results some of these have given have not been good, because the co-operative form had been adopted in cases in which it was not suitable. Certain individual farmers unite and form co-operative societies for the purchase of machinery with the sole object of obtaining a subvention from the Department. Some of them even, immediately after receiving the subvention, have been seen to dissolve or return their members' shares.

It is besides impossible for such societies to have a large number of members; further, we cannot even, as a rule, call them real co-operative societies. The Department has, therefore, decided not to grant subventions to associations for purchase of machinery, except in special cases.

§. 3. CO-OPERATIVE SOCIETIES FOR PRODUCTION AND THE SUBVENTION SYSTEM.

It is, however, in the *co-operative societies for production and sale* that we find the most serious defects.

It must not be forgotten that the leading principle of co-operation for production and sale is the association of small farmers, in order that they may enjoy the same advantages as the large landowners, that is, have at their disposal credit, implements for production etc.

In the co-operative societies for production more than in any other class of co-operative societies there must be a spirit of self sacrifice and mutual understanding among the members, since, they have usually to meet large initial expenditure. Now it often happens that the members invited to enter these societies do not consider the real meaning of the step they take and sometimes start from false premises and there are even some who regard the co-operative society as a collective undertaking with interests opposed to theirs as individuals. Others, ill informed, think that the State will pay the greater part of the initial expenses, by means of its subventions, and so on.

It must be added that such persons do not think it necessary afterwards to arrange for payment of interest and sinking fund on the debts contracted, nor interest on the working capital, and the working expenses, which will be necessarily high, the rather as a capable manager is required who must be well paid. On the other hand, these members starting with the idea that the society is a foreign body, ask exaggerated prices for the goods they furnish to it. This is why the first duty of propagandists in behalf of co-operative societies for production and sale and co-operative warehouses must be to make future members clearly understand that provision must be made for the payment of the larger part of the cost of installation by means of real contributions on shares, so that the new undertaking may not labour from the start under the weight of the interest to be paid.

Further, members must be informed, that, as in the case of every business which has to provide for the building of a large edifice equipped with machinery, etc., they must for a time accept lower prices for their produce and must think how they may soonest extinguish the debt contracted for installation expenses, since it is in this way that they, as constituting the co-operative society may, in time, become proprietors of an industrial establishment, which would amply compensate them for their sacrifices.

It must not be thought that the success of the society is secured if the above principles are conformed to. It must be able to count upon a certain and continual supply of produce; another condition of success is that the society should have for its field of action a locality the production from which corresponds with the object. The situation must there-

fore be studied beforehand, in order that a bad harvest, a hailstorm or any unforeseen event may not involve the ruin of the society.

A slight error in the calculation and examination of the various elements may lead to consequences of extreme seriousness, not only for the members, but also for co-operation generally on account of the discredit cast upon it. The farmers who take the initiative in founding a society of the kind of which we speak must understand the responsibility they assume.

Taking all this into consideration, the Agricultural Department will follow a much more severe line than formerly, when it has to decide with regard to the grant of subventions to new co-operative societies for production and for production and sale.

First of all, no subventions will be granted to societies applying for the purpose to the Department, unless the Department has been first consulted before the society in question proceeded to purchase expensive buildings and machinery, to prepare its budget etc. They are therefore recommended to advise the Department in time, during the period of preparation, as also during the same period, to keep informed the Federation or Central Bank to which the society in course of constitution will presumably apply for credit.

The Department will also not give subventions to those co-operative societies that have principally an industrial and capitalistic character, although they call themselves agricultural co-operative societies, such namely, as co-operative mills and bakeries, large co-operative sugar refineries, societies for making syrups, etc.

The Department, when granting subventions to the agricultural co-operative societies for production and sale, in addition to most strictly examining whether the special circumstances and environment in which the co-operative society is formed give guarantee of its prosperity, will impose the following conditions: (a) as a rule, at least 50 % of the costs of installation, must be met by means of contributions in cash on shares; (b) the province in which the Society is situated must grant a contribution, (c) the budget and estimates must be examined by technical experts, (d) the greatest economy must be used in building and the installation of machinery; (e) in the budget provision must be made for the extinction of the debt incurred at installation in about fifteen years; (f) the members must be bound by the rules to remain in the society for at least five or ten years and to supply their own produce to it; (g) the rules must lay down that the balance shall show the true value of the buildings, machinery, etc; as well as payment of members of an instalment of 75 % of the minimum price of the produce supplied; whilst the balance will only be paid when the society has really net profit; (h) the rules must provide for the formation of a sufficient reserve fund.

In addition, when granting a subvention, the Department will be careful to make the society give a receipt in which it undertakes to repay the amount of the subvention received, in case of failure to observe the con-

ditions imposed, or of the management not being conducted with the necessary zeal and circumspection.

§ 4. MANAGEMENT OF THE FEDERATIONS OF CO-OPERATIVE SOCIETIES.

With respect to the *Federations of Co-operative Societies or Central Banks*, the Report observes that if most of them have been managed in a praiseworthy manner, certain of them give occasion for just apprehension and have even caused disaster, creating a current hostile to agricultural co-operation generally.

Without specially insisting on the too evident errors which, by good fortune, are only very rarely met with (as, for example, speculation, the use of letters of exchange of the affiliated societies in order to obtain money, opening books of fictitious deposits, the extension of credit beyond the affiliated societies, negligence of the Board of Management and the Council of Supervision in the accomplishment of their duties), it is observed that some Federations do not keep a just proportion between their own funds, which are too small, and their borrowed capital. In such case it is necessary to increase the paid up capital and reinforce the reserve fund.

Another still more serious error is that certain Federations do not care sufficiently that their own securities should be easily realisable and so run the risk of finding themselves in serious difficulties whenever at a given moment large demands for withdrawal are made by their depositors. The confusion existing between *land* and *personal credit* when recourse is had to mortgage operations to satisfy the requirements of personal credit (1), contributes to this. On the other hand, there are cases of the immobilisation of the surplus funds, in contributions to the initial expenses of co-operative societies for production, or in purchase of real estate, etc. What also prevents the fluidity of capital is its investment in securities the value of which fluctuates.

This is why for investments at long maturity there must be corresponding securities, that is loans, bonds and mortgage bonds for long terms. Yet, as a rule, the Federations must grant credit in current account and invest the surplus cash in current account in banking institutes.

A federation acting as Central Bank may, with due precautions, occupy itself in the purchase and sale of agricultural produce, but only to a certain degree, avoiding all risk and working always through agents. But the principal duty never to be lost sight of, is that of striking a balance between the necessities and the surpluses of the affiliated societies, receiving the deposits of those that have surplus capital in order to give it in form of loans to those in need.

(1) This might be remedied by a suitable arrangement between the co-operative societies and the mortgage credit institutes (*Landeshypothekenanstalten*).

In particular, the Department will require henceforward that the competent body shall first present the report of the inspection and make all necessary reforms. Further, the Department reserves to itself the right first to make detailed enquiry into the whole working and management of the Federation applying for a subvention; and only when the enquiry has given results satisfactory from every point of view will the subvention be granted.

Finally the Report observes that the grant of subventions to the Federations must not be considered as a perpetual measure. When the Federations are in a position to provide for themselves, there will be no further reason for subventions. It is therefore to be foreseen that the amount of the funds placed on the Estimates for subventions will be correspondingly reduced, and, in any case, not continually increased.

* *

Although there have been found defects in the working of co-operation, to which the attention of the farmers is called, it is not for this to be thought that the Department of Agriculture does not recognise its rich and beneficent development, or makes little of its merits. The solid band of economic organization of the Austrian farmers, consisting of 12,000 co-operative societies united in 40 Federations, has aroused admiration both at home and abroad.

The Department will continue its action in behalf of co-operation also in the future and will give it all its moral and financial support.

2. PUBLICATIONS OF RECENT DATE RELATING TO CO-OPERATION AND ASSOCIATION IN AUSTRIA.

PUBLICATIONS OF THE FEDERATIONS AND ASSOCIATIONS;

JAHREBUCH DER K. K. LANDWIRTSCHAFT IN WIEN 1912 (*Yearbook of the I. R. Agricultural Society in Vienna* 1912). 8vo. 196 pp. Vienna, 1913. Edition of the Society.

BERICHT DES ALLGEMEINEN VERBANDES LANDWIRTSCHAFTLICHER GENOSSENSCHAFTEN IN OESTERREICH UEBER DAS 5. GESCHAFTSJAHR DER LANDWIRTSCHAFTLICHEN VIEHVERWERTUNGSSTELLE. (*Report of the General Federation of Agricultural Co-operative Societies in Austria on the 5th. Year of the Work of the Establishment for the Sale of Livestock*). 8vo. 11 pp. with 2 Tables. Vienna, 1912.

TÄTIGKEITSBERICHT DES DEUTSCHEN PFERDEZUCHTVERBANDES FUER SÜD- UND SÜDWEST-BOHEMEN MIT DEM SITZ IN BUDWEIS FUER DAS 5 VEREINSJAHR (*Report on the 5th. Working Year of the German Horse Improvement Federation in South and South West Bohemia, with Headquarters at Budweis*). Budweis, 1913.

JAHRESBERICHT FUER 1912 DES VERBANDES DER MURBODNER-MURZTALER VIEHZUCHTGENOSSENSCHAFTEN IN STEIERMARK IN ST. MICHEL OB LOBEN (*Report of the Federation of Co-operative Livestock Improvement Societies for the Valleys of the Mur and the Murr, in S. Michel ob Leoben for the Year 1912*). 8vo. 72 p. with 2 Tables and 4 Illustrations.

OTHER PUBLICATIONS:

DE NIEDERÖSTERREICHISCHE MOLKEREI IN WIEN 1900-1912. (*Lower Austrian Dairy in Vienna for the Period 1900-1912*). 8vo. 48 pp. with 14 illustrations, Vienna, 1913.

POGATSCHEG (Dr. A.): Il progetto della nuova legge austriaca sulle cooperative (*New Austrian Law on Co-operative Societies*). Parenzo. Printed by Gaetano Coana, 1912.

KOHNELT (Dr. Victor): Taschenbuch für Genossenschafts- und Verbands-Funktionäre und Mitglieder (*Pocket Manual for Officers of Co-operative Societies and Federations*). Linz, 1913 V. Langhammer.

LANDESKULTURRAT U. LANDW. GENOSSENSCHAFTSWESEN, Verkehr m. Grund u. Boden, Forstwesen. — Jagd u. Fischerei. — Vogelschutzgesetzgebung. - Dr. L. Graf, Sammlg. d. Landesgesetze sowie d. wichtigsten Reichsgesetze u. Verordnung f. d. Erzherzogt. Oesterr. ob d. Enns (*Provincial Councils of Agriculture and Agricultural Co-operation, Purchase and Sale of Land, Forestry, Hunting and Shooting and Fishing, Legislation for the Protection of Birds. Dr. L. Graf, Collection of Provincial Laws, of the Principal Imperial Laws and the Ordinances of Lower Austria*). New Edition, with Additions, with Alphabetical Index Linz. J. Feichtinger.

UNITED STATES.

MISCELLANEOUS NEWS.

1. — OFFICE OF MARKET INVESTIGATIONS. — The Sixty-second Congress before adjournment appropriated \$ 50,000 "to enable the Secretary for Agriculture to acquire and to diffuse among the people of the United States useful information on subjects connected with the marketing and distribution of farm products". Of that appropriation, \$ 10,000 was made immediately available, so that this new division of the Department of Agriculture is already in a position to begin work. It is proposed to concentrate its activities at first on three pressing problems :

1. The preparation of an inventory of all existing agricultural organizations, special reference being made to those engaged in marketing farm products.

2. The determination of the direction in which the Department of Agriculture can best assist any rural community, or group of farmers in perfecting organizations for marketing farm produce ; and of the machinery best adapted for rendering such assistance.

3. The conducting of a careful and critical examination of state and national laws affecting farmers' co-operative organizations.

This initial work is of far-reaching importance, and at the present moment already urgent. As it proceeds, light will be thrown on many other problems, and new lines of investigation will be revealed. A detailed inquiry into costs of transportation and distribution, carried out with reference to the important products of different districts, will yield reliable information of use both to producers and to consumers, and will probably be a preliminary step to the establishment of an official market news service.

For the purposes of such an inquiry the Secretary for Agriculture intends to select three districts — one in the Southwest, another in New England, and the third in the Northwest. In each district the marketing of representative products will be traced step by step from the moment each product leaves the grower till it reaches the consumer. Particular attention will be given to methods of handling, packing and shipping, to the need for transit facilities, the real cost of transport, and the part that the middleman plays in the present complex system of food distribution.

The office will doubtless develop in course of time into a strongly equipped Bureau of Markets, but the Department of Agriculture realises clearly the need for careful preliminary work of investigation and analysis. The report of the Department recommending to Congress the creation of a Division of Markets, said: "It would be unreasonable to expect that a Division of Markets could be useful at the very beginning. Considerable time would be required properly to organize the office and field forces and to bring lines of service up to smooth and effective work. Time would be required also to ascertain in what particular efforts it could be most useful and in what direction it might better develop."

(Summarised from *The Country Gentleman*, April, 26th, 1913).

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2. — FIRST NATIONAL CONFERENCE ON MARKETING AND FARM CREDITS. — Four hundred and forty-two delegates attended a conference under this title, held at Chicago for three days, from April 8-10. They represented thirty-four states in the United States, four provinces of Canada, and Mexico. The conference was organized and financed by the *Associated Farm Papers*, in conjunction with the *Orange Judd Weeklies* and was supported by many of the other agricultural papers in the United States and the Dominion of Canada. Farmers' associations, state and federal institutions, banks and railways were all represented, and though the discussions were chiefly on question of marketing from the farmer's point of view, many city business men were present to represent the interests of consumers in the towns.

The conference did not formulate plans or organize machinery for marketing or credit, nor, according to the reports before us, was it intended to do so. It did succeed, however, in throwing light on the problems which confront the American farmer in creating such machinery.

Emphasized and reiterated in the speeches and discussions was the need for business efficiency in agriculture, for systematic book-keeping in order to obtain an estimate of the cost of production in farming. The functions of the middleman were discussed and the opinion was expressed that only in so far as his charges were excessive for the service he performed, or that service was in itself superfluous, could the farmers or the public gain by eliminating him.

The conference called on the federal government to establish a bureau of markets strong enough to perform the following services: furnish information as to crop production and crop consumption; ascertain the cost of packing, transporting, refrigerating, and other operations in connection with marketing; organize the farmers into non-profit-making corporations, and supervise the acts of these corporations.

The last day of the conference was devoted to papers and discussion on credit for farmers. The speakers hesitated to propose schemes and were not unanimous, either as to the extent of the need for credit facilities, or as to the form of institution best adapted to meet the need. It was felt that such a large and loosely organized conference was more adapted for

stimulating interest and disseminating information than for formulating definite plans of reform.

Different speakers dealt with the following subjects :

- Wastes in Distribution.
- Distributing Food Products.
- Educational Aid to Co-operation.
- Farmers Selling Agencies.
- What the Federal Government Should Do.
- Co-operative Finance.
- European Systems of Farm Credit.
- Improving Farm Credits in America.

A special evening session was devoted to hearing reports from representatives of farmers' associations. General accounts of the work accomplished were given by delegates representing respectively the Farmers' Union, the Grange, and the American Society of Equity, and more specific reports were presented by a number of local co-operative organizations.

The conference appointed four committees : on general resolutions, on distribution, on farm credit, and on the form of permanent organization.

The first of these passed resolutions calling on the federal government to establish a bureau, "or other effective agency," for the study of the problems of marketing, and on state governments, universities, agricultural colleges, newspapers and organizations for economic welfare, in town and country, to give immediate attention to the same problems. Other resolutions urged on the same bodies the provision of credit facilities for farmers, and on the national government the rapid extension and improvement of the parcel post. A general resolution was passed in favour of organized co-operation "under proper supervision," and the appointment of a committee was recommended to present the resolutions of the conference to the President of the United States and to congress.

The farm credit committee urged the need for banking reform, and in particular, the necessity of providing an adequate discount and re-discount system to secure the wide circulation of agricultural, commercial and industrial paper generally. It favoured also the enactment of state laws, and federal laws where necessary, which should provide for the organization and proper supervision of co-operative credit associations both for farmers and wage-earners ; and also for co-operative long-time land mortgage loans as well as joint-stock long-time land mortgage banking.

No officers were appointed, but a committee was nominated to prepare and publish the report of the first meeting and make arrangements for a second national conference which will be held at Chicago, again under the auspices of the agricultural press of the United States, in April 1914.

(From the *Nebraska Farmer*, April, 23rd, and April 30th, 1913).

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3. — CO-OPERATIVE LIVE STOCK SHIPPING. — Some years ago, farmers in the more progressive districts of Minnesota, dissatisfied with the conditions imposed upon them by private dealers, led the way in the formation

of co-operative associations for shipping live stock. These appear to have met with pronounced success, since the movement extended almost immediately to Wisconsin and Iowa, and the number of associations has increased rapidly.

Till 1911, live stock was being shipped by associations from three points only in Minnesota, — Litchfield, Springfield and Buffalo. Since that time, thirty-seven new local associations have been formed, others are in process of formation, and a state central association has been organized intended to promote the extension of the movement and develop a uniform system of accounting.

The associations are easy to organize, and simple in their working. They need no initial capital; the united support of the members is, it is claimed, sufficient to assure success. In fact, the operation they undertake on behalf of their members consists merely in assembling their consignments of live stock at a determined shipping point, making up full car-loads and despatching them to the commission agent who acts as seller for the association at the terminal stock yards. The association afterwards remits to each member the proceeds of the sale of his consignment, less a proportionate share of freight and operating expenses.

The board of directors usually sets aside one day a week on which stock is to be shipped. The manager takes charge of each consignment and gives a detailed receipt which specifies the number of animals, their weight, and the distinctive marks assigned them. For each car shipped he then draws up a statement which shows the number of animals, the weight, shrinkage, net weight, price realized and expenses for freight, commission, and terminal charges. This statement forms a permanent record of the shipment, and is filed with the report from the commission firm which takes charge of the stock as soon as the car arrives at the stock-yards. There the stock is unloaded, fed, assorted into grades and made ready for sale. The manager makes no payment till the returns for each car-load are received from the commission firm. He then compiles, for each member, a complete statement of what his stock weighed and was sold for on the market, and the expenses incurred in connection with it; and remits to the member, with this statement, a cheque for the balance due to him. The manager receives a commission ranging from 6 to 10 cents per 100 lbs of stock shipped. Operating charges, over and above freight, which varies with distance from the market, amount to from 20 to 25 cents per 100 lbs.

An additional commission of one or two cents per 100 lbs is levied and set aside to form a combined reserve and insurance fund to meet extraordinary expenses and to indemnify owners for loss or injury of animals in transit, when no blame attaches to owner, manager or railway company. The manager is always called upon to give satisfactory bond to the directors for the honest and careful performance of his duties.

The Litchfield association is quoted as a typically successful example of this type of organization. Founded in the autumn of 1908, it shipped in that year, 14 car-loads worth \$11,599. In 1909, it shipped 35 car-loads;

in 1910, 81 car-loads; and in 1911, 104 car-loads with receipts of 114,764 dollars. Four years ago there were at Lichfield six local buyers realizing their profits, naturally, between the price paid to the farmer and the selling price on the terminal market. To-day the Farmers' Shipping Association is the only live stock shipper in the locality, and the farmers estimate that co-operative action meant to them, in 1912, a saving of 7,800 dollars.

(From *Successful Farming*, Jan. and Feb., 1913).

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4. — PROFIT-SHARING IN MARKET GARDENING. — A small but interesting profit-sharing scheme is working successfully in a market-garden enterprise in Cleveland, Ohio. The farm consists of ten acres under specialized, highly intensive cultivation, and two and a half acres of greenhouses. The proprietor began on a small scale thirty years ago, and has developed his methods and perfected his organization till the farm now yields a net profit of 1,000 dollars per acre yearly. He adopted profit-sharing in order to solve the difficulty of retaining experienced men in his service, many whom he had himself trained leaving him to begin work on their own account. The proprietor suffered the loss of valuable assistance not easily replaceable, and the men, through lack of managerial ability or insufficiency of capital, often failed when in business for themselves.

The system is one in which the employees receive the standard wages of the district, and in addition share in the profits of the business on the same scale as does their employer.

The capitalization of the entire plant-land, greenhouses, and equipment amounts to about 50,000 dollars. This forms the principal on which the rate of dividend is calculated, and the salary of each man for the year is considered his capital in the business. Profits are high, amounting to 39 per cent. in 1911, after setting aside 8 per cent. for depreciation.

An employee becomes eligible to share in the distribution of dividend after serving for eighteen months on the farm. The men eligible range in age from twenty to forty years, and their average length of service is six years. Their salaries range from 600 dollars to 900 dollars a year, and in July, 1912, in addition to salary, they received as half-yearly dividend, sums ranging from 132 dollars to 198 dollars. Each man has also the privilege of investing in the business a maximum capital of 2,000 dollars in sums of 500 dollars or less yearly.

It is claimed that the additional interest which each employee has in the success of the enterprise has led to increased efficiency throughout the whole force engaged, which reveals itself in the excellent condition of the crops, and the general care of tools and equipment.

(Summarised from *The Country Gentleman*, May 3rd, 1913).

ITALY.

I. MISCELLANEOUS NEWS.

I. — WORK OF THE MILAN "CREDIT INSTITUTE FOR CO-OPERATIVE SOCIETIES" BETWEEN 1904 AND 1912. — This Institute, founded in 1904, principally through the instrumentality of the *Humanitarian Society*, (*Società Umanitaria*) under the form of a limited liability society, has its headquarters at Milan and branches at Florence, Genoa, Reggio Emilia, Rome and Turin (1). It proposes to "assist the development of co-operative societies for production, labour, distribution and credit for the benefit of workmen, employees, peasants, metayers and small landholders working their own farms, facilitating the working of these societies by means of credit." For the purpose, its rules authorize it to conduct the following operations: (a) discounting endorsed bills, cashing cheques and paying on notes of hand, etc. in behalf of the co-operative societies; (b) granting loans to the societies or giving them assistance on the security of their documents, credits and goods; (c) purchasing goods, machinery, implements etc., on behalf of the societies; (d) collecting and making payments to employees in behalf of co-operative, mutual aid and improvement societies, and generally conducting their cash business (e) standing security for the above co-operative societies in the case of contracts entered into by them; (f) in exceptional cases, opening uncovered current accounts for them, on the security and with the precautions the Board of Management shall judge advisable, and discounting the commercial bills the societies pass in favour of third parties.

The above loans and bills must not be for terms exceeding six months they may, however be renewed from half year to half year, provided at least a fourth of the original amount is repaid at the end of each period. The loans in current account must be repaid at the rate of not less than a fifth of their amount each half year; they can only be granted to societies that have been working for at least three years and have given evidence of prudent management.

Since then, the Institute has also undertaken to receive deposits, for workmen's associations exclusively.

So much premised, we give here a few figures relating to its capital and its work between 1904 and 1912.

(1) See the *Notes on its Work from July 1st., 1904 to June 30th., 1911*, published by the above Institute. Milan. Workmen's Co-operative Press, 1911.

*General Business Done between July 1st., 1904 and December 31st., 1912**1. — Members and Shares.*

<u>Year</u>	<u>Members</u>	<u>Shares</u>
1904-1905	49	4,000
1905-1906	47	4,000
1906-1907	214	10,000
1907-1908	202	10,000
1908-1909	215	10,000
1909-1910	207	10,000
1910-1911	399	15,000
1911-1912	465	21,660

2. — Paid up Capital and Reserve Fund.

<u>Year</u>	<u>Amount of Shares</u> <u>frs.</u>	<u>Reserve Fund</u> <u>frs.</u>
1904-1905	200,000	—
1905-1906	360,000	1,600
1906-1907	520,000	5,973
1907-1908	700,000	11,463
1908-1909	1,000,000	19,968
1909-1910	1,000,000	28,000
1910-1911	1,250,000	51,000
1911-1912	1,624,000	444,226

Deposits: Balance at End of Year.

<u>Year</u>	<u>Amount</u> <u>frs.</u>
1904-1905	48,436
1905-1906	562,850
1906-1907	1,327,339
1907-1908	1,348,397
1908-1909	1,583,246
1909-1910	2,302,143
1910-1911	2,083,997
1911-1912	3,458,522

4. *Credit Operations*

Year	Number	Amount frs.
1904-1905	275	1,158,626
1905-1906	268	4,086,483
1906-1907	766	6,923,549
1907-1908	953	9,139,387
1908-1909	1,339	9,538,859
1909-1910	1,575	10,821,242
1910-1911	2,625	18,640,705
1911-1912	8,737	38,598,898

A comparison of these tables shows us that the increase of business has been considerably greater than the increase of capital.

In particular, the years 1911, and 1912 show a great advance as compared with the preceding years. Altogether, between July 1st., 1904 and December 31st., 1912, 16,538 credit operations were conducted, for a total amount of 98,907,749 frs., distributed as follows in the various regions :

Lombardy	35,282,968	frs.
Emilia	17,203,668	"
Liguria	16,619,589	"
Piedmont	11,136,161	"
Tuscany	11,131,186	"
Latium	1,077,469	"
Various Regions	6,456,707	"

Total 98,907,748 frs.

The useful and extremely praiseworthy action of this credit institute for the co-operative societies of North and Central Italy is therefore apparent

(From the *Report on the Eighth Working Year*, approved at the Shareholders' Meeting of March 31st., 1913. Milan. Workmen's Press, 1913).

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2.— *SOME INFORMATION ON THE WORK OF THE AGRICULTURAL CO-OPERATIVE CONSORTIUMS IN 1912.*— From the reports published by the agricultural consortiums on their last year's work, we derive the following information showing the constant progress achieved by them.

To begin with, the *Premier Co-operative Agricultural Society of Milan*, (Primo Sindacato Agrario Cooperativo di Milano) one of the oldest in Italy, as it was founded in 1892, last year sold agricultural goods to the amount of 5,180,839 frs. and had a share capital of 729,675 frs. and a reserve fund of 170,209 frs. Its net profits were 68,822 frs.

The Parma Agricultural Consortium (Consortio Agrario Parmense) also did a large sale business, reaching in fact the amount of 3,770,000 frs. In 1912, this Consortium had 1,865 members, a capital of 132,650 frs. and a reserve fund of 129,632 frs. The net profits for the year were 35,902 frs.

Another thriving *Consortium* is that of *Cremona*, of which the sales and the number of members, between its foundation and December 31st, 1912, were as under:

Year	Members	Amount of Goods Sold
1897	335	263,047
1898	471	329,536
1899	661	595,141
1900	849	716,708
1901	1,012	923,863
1902	1,148	1,179,455
1903	1,235	1,431,392
1904	1,309	1,444,024
1905	1,358	1,419,271
1906	1,427	1,872,197
1907	1,467	2,513,202
1908	1,518	2,586,201
1909	1,535	2,421,347
1910	1,559	2,589,003
1911	1,604	2,931,464
1912	1,535	3,371,857

The net profits for 1912 were 27,558 frs.

The *Premier Co-operative Agricultural Consortium of Piacenza* has likewise made continual progress. The figures we give here for the number of members and the amount of goods sold between 1900 and 1912 will suffice to prove it.

Year	Members	Amount of Goods Sold
1900	732	158,525
1901	793	772,974
1902	799	856,966
1903	857	1,184,122
1904	953	1,540,225
1905	1,013	1,630,167
1906	1,058	2,004,028
1907	1,105	2,196,055
1908	1,125	2,472,195
1909	1,126	2,290,988
1910	1,187	2,460,584
1911	1,200	3,066,088
1912	1,224	3,777,822

Last year, therefore, the sales amounted to almost 4 million francs while the profits were 30,506. On December 31st., the share capital amounted to 86,550 frs. and the reserve fund to 115,712 frs.

The Piacenza Consortium also works a co-operative oilcake factory which in the last working year produced 13,726 quintals.

The *Turin Agricultural Consortium* (Consorzio Agrario di Torino) is also acquiring continually greater importance. And indeed, while in 1907 it had 283 members holding 412 shares and a capital of 8,240 frs., in 1912 it had as many as 940 members holding 1,883 shares and a capital of 37,660 frs. The goods sold in the year realised 2,346,590 frs. as against 1,981,961 in 1911.

Further, the *Bergamo Co-operative Agricultural Consortium* (Consorzio Agrario Cooperativo di Bergamo), which in 1897 had 171 members holding 504 shares and 12,600 frs. capital, in 1912 had 1,087 members holding 7,730 shares or 193,250 frs. capital and had sold goods to the amount of 1,232,254 frs. At Bergamo there is also the *Bergamo Agricultural Union* (Unione Agricola Bergamasca), which on December 31st., 1912 had 344 members and had sold goods to the amount of 1,064,090 frs.

We may also mention the *Florentine Agricultural Consortium* (Consorzio Agrario di Firenze), which in 1912 sold farm requisites to the amount of more than two million francs, the *Bologna Agricultural Consortium* (Consorzio Agrario Bolognese), the sales of which realised 2,300,000 frs., the *Paduan Co-operative Agricultural Syndicate* (Sindacato Agricolo Cooperativo Padovano), doing a business of about a million, the *Mantuan Agricultural Consortium* (Consorzio Agrario di Mantova), with 1,192 members and purchases in the last working year amounting to 830,589 frs. etc.

(Summarised from the Reports of the above mentioned Co-operative Agricultural Consortiums for the year 1912).

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3. — THE FEDERATION OF THE CO-OPERATIVE CREDIT SOCIETIES OF GIRGENTI ON DECEMBER 31ST., 1912. — The 46 federated undenominational co-operative societies at the end of 1912 had altogether 8,703 members with a share capital of 161,000 frs. and a reserve fund of 39,000 frs. The deposits amounted at the same date to 863,000 frs. and the total assets to 2,906,661. Of these societies, 41 acted as intermediaries of the Bank of Sicily for the distribution of agricultural credit and the credit granted them by the Bank itself amounted on the 31st. December last to 2,275,000 francs.

The progress made by some of these societies in the short space of a year, between 1911 and 1912, was remarkable. In fact the Girgenti agricultural bank increased its assets from 34,989 frs. to 78,300 frs., the Joppolo bank increased its from 3,815 frs. to 20,282 frs., in that of Palma Montechiaro the increase was from 251,933 frs., to 318,195 frs.; in that of Raffadali from 77,778 frs. to 109,175 frs.; in that of S. Giovanni from 184,799 frs. to 209,187 frs. etc., etc. Amongst the federated bodies the following

have a large number of members, the People's Agricultural Bank of Caltagirone (720), the Agricultural Bank of Casteltermini (592), the Social Agricultural Co-operative Society of Raffadali (324), etc. The Federation also arranges with a special firm for the wholesale purchase of farm requisites: in 1912 the total amount of goods delivered to the affiliated associations was 590,435 francs.

(Summarised from *Cooperazione*, Girgenti. No. 2, March, 1913).

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4. — WINEMAKING CO-OPERATION IN LATIUM. — In recent years various co-operative winemaking societies have arisen in the Province of Rome, at Albano, Frascati, Castel Gandolfo and Marino. The last is the most important, on account of the number of its members, the amount produced and the scientific character of its equipment. Founded in 1909 with 33 members, in 1912 it had as many as 230, who had delivered 2,244 quintals of grapes in the year. For the grapes delivered in 1910 and 1911 the members were credited at the rate of 30 and 34 frs. the quintal respectively. On these prices a profit of more than 3,000 frs. was made and placed to the reserve fund.

The Frascati Co-operative Agricultural Distillery is much older, having been founded in 1894 with 17 members.

In its first working year (1894-1895) the members increased to 217 and the amount of wine lees distilled was 3,300 quintals. Now the Frascati distillery stands first among the co-operative distilleries of Italy; it has 790 members and a capital of over 200,000 frs. The quantity of wine lees treated is on an average about 6,500 quintals. The total value of the brandy and cream of tartar produced has increased gradually until it has exceeded 300,000 frs. in certain years of abundant harvest. The dividend in the 19 years of the Society's existence has been on an average 5.58 frs. for every quintal of wine lees consigned by members. These happy results have aroused emulation. And indeed, gradually there have arisen in the same province co-operative distilleries at Marino, Velletri, Albano, Monterotondo, Genzano, Montecompatri, Viterbo and Vignanello and outside of Latium, at Ravenna, Cassino, Vignale and Corato, while others are in course of formation.

(Summarised from: *Nuova Agricoltura del Lazio*, Rome, No. 6. March 16th., 1913).

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5. — A CO-OPERATIVE CONSORTIUM FOR WORKING AGRICULTURAL MACHINES. — A consortium for the above purpose has been recently founded at S. Martino in Beliseto (Cremona).

It has some thirty members and its object is to work agricultural machines for them, threshing their grain, pressing their forage, etc.

The Consortium has a capital of 25,000 frs., consisting in 75 fr. shares. Every member must subscribe for two of these shares for every hundred Cremona perches (about 9 hectares) of his cultivated land. A third part of the amount of the subscribed shares was paid up within ten days from the date of the deed of constitution of the Society; and the rest is to be paid on demand of the Board of Management as the engagements of the society call for it. The Board fixes the order of turns for working on the farms of the different members by lot, asking the same price as is usually asked by private individuals who undertake threshing, that is about 30 centimes per hectolitre of grain. In this way the Board of Management expects to pay all expenses and completely pay off the debt on the machinery. The consortium has been formed for a term of twenty years.

Summarised from: *Italia Agricola*, Piacenza, No. 5, March 15th., 1913).

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6. — THE NATIONAL LIVESTOCK IMPROVEMENT SOCIETY. — This Society, the headquarters of which are at Turin, has decided to open a branch in Rome, in the office of the National Committee of Agricultural Mutuality. At the meeting of the Society it was also decided to amend its rules and define its object more precisely. In connection with which, we reproduce here the following article of the Rules :

"The object of the Society is to encourage the improvement of domestic and useful animals.

"It will promote the foundation of local livestock improvement associations and affiliate them to itself so as to aid them and co-ordinate their work.

"Together with the local associations, it will promote communal, district, regional, national and, eventually, even international livestock shows, horse shows, etc.

"Every year in a different centre it will promote meetings of livestock improvers to discuss matters relating to livestock improvement.

"In general, the National Association aims at making itself the centre of all undertakings for promoting and giving a scientific direction to the movement for the improvement of livestock in Italy, stimulating the public institutions, and collaborating with them more and more actively in behalf of national livestock improvement ,..

(Summarised from *Stampa Agricola*, Rome-Turin, No. 18, May 4th., 1913).

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7. — AN "OFFICE FOR ASSISTANCE AND INSPECTION OF THE BOOK-KEEPING OF THE CO-OPERATIVE SOCIETIES". — Under the auspices of the National League of Co-operative Societies, the Italian Federation of Mutual Aid Societies, the Credit Institute for Co-operative Societies, the Roman Federation of Co-operative Societies for Production and Labour and the Roman Federation of Mutual Aid Societies, there has been formed in Rome

an Office for Assistance and Inspection of the Book-Keeping of the Co-operative Societies. The office will assist the societies in the following ways; with, (a) advice on book-keeping matters, answering questions and solving problems in relation to the technique of book-keeping; (b) inspection of book-keeping; (c) equipment and arrangement of book-keeping offices; (d) preparation of estimates, balance sheets and statements of accounts; (e) supply of registers and printed material for book-keeping purposes. The office has already commenced its labours.

(Communicated by the Roman Office of the *Lega Nazionale delle Società Cooperative*.)

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8. — CONGRESS OF SMALL LAND HOLDERS. — A congress of small Land Holders was held at Piacenza on May 18th., the Hon. Luigi Luzzatti in the Chair. In an eloquent speech, after a masterly demonstration of the importance of small holdings for modern Italian agricultural economy, he went on to speak of the measures called for in order that they may be protected and increased. As he had already proposed when Treasurer in 1897, he now asked for relief, in accordance with a sliding scale, for the smaller holdings, from the land tax now burdening country holdings and farm buildings, and also relief in due measure from taxation on the deeds in connection with the proper rounding off of small farms. These fiscal facilitations and exemptions, on which modern reforms depend, will do — said he — with greater social effect, for the owners of real estate, what has been done for the payer of small taxes on personal estate. It is besides necessary to promote the development of *agricultural co-operative* and *mutual* societies, heartily encouraging their constitution and their work. Besides, it is necessary that "special agricultural credit institutes, and among these, in the first place, the savings banks and people's banks, leaving hazardous operations to return to the glorious humility of their origin, coming more and more into contact with the country people, should be enabled (the Government even assisting and undertaking to regulate the rate of interest), to complete the operations facilitating the acquisition of small farms, to grant loans for improvements, and to assist in the reparation of damage caused by the elements."

"It is further to be recommended that land belonging to the State, the provinces or the communes and uncultivated land held by various organizations or private persons should be assigned in perpetual lease to poor farmers. Two other reforms might finally be introduced, according to the speaker, the first, already suggested by Pasquale Villari, the "Public Institution for the Purchase of small Holdings for returning emigrants", the second, an immense undertaking, consisting in the gradual transformation of the *collective farms* into collective holdings, where the character of the soil calls for the association of the labourers in powerful organizations.

(Summarised from: *Giornale di Agricoltura della Domenica*, Piacenza, No. 81, May 25th., 1913.)

2. PUBLICATIONS OF RECENT DATE RELATING TO CO-OPERATION AND ASSOCIATION IN ITALY.

PUBLICATIONS OF AGRICULTURAL ORGANIZATIONS:

- ANNALI DELLA R. ACCADEMIA D'AGRICOLTURA DI TORINO. (*Annals of the Turin Royal Academy of Agriculture*). Vol. 550, 1912. Turin, Vincenzo Bona, 1913.
- LA BANCA MUTUA POPOLARE E IL CREDITO AGRARIO NELLA PROVINCIA DI BERGAMO. (*Mutual People's Bank and Agricultural Credit in the Province of Bergamo*). In Honour of the American Delegation sent to Europe for the Study of Agricultural Credit Institutions. Bergamo, Press of the "Società Editrice Commerciale", 1913.
- BANCA POPOLARE DI CREDITO IN BOLOGNA: Resoconto dell'anno 1912 e atti dell'assemblea generale dei soci tenuta il 9 febbraio 1912 (*Bologna People's Credit Bank: Report for the Year 1912 and Proceedings of the General Meeting of Members, held on February 9th., 1913*). Bologna, Merlani, 1913.
- BANCA PICCOLO CREDITO ROMAGNOLO: Resoconto dell'anno 1912. XVII^o esercizio (*Small Credit Bank of Romagna: Report for the Year 1912, 17th. Working Year*). Bologna, U. Berti, 1913.
- BANCA PICCOLO CREDITO ROMAGNOLO: Cenni sul suo funzionamento (*Small Credit Bank of Romagna: Indications as to its Working*). In Honour of the American Commission for the Study of Agricultural Credit and Co-operation in Italy. Bologna, U. Berti, 1913.
- BANCA MUTUA POPOLARE DI BERGAMO: Relazione sull'esercizio XLIII (*Bergamo Mutual People's Bank: Report on its 43rd. Working Year*). Bergamo, Bolls, 1913.
- CONSORZIO AGRARIO DI FIRENZE: Relazione sulla gestione 1912. Anno XXIV. (*Florence Agricultural Consortium: Report for the Year 1912. 24th. Working Year*). Florence, G. Ramella, 1912.
- CONSORZIO AGRARIO COOPERATIVO DI BERGAMO: Relazione sull'esercizio 1912, XVI. (*Co-operative Agricultural Consortium of Bergamo: Report for the Year 1912, 16th. Working Year*). Bergamo, A. Mariani, 1913.
- CONSORZIO AGRARIO COOPERATIVO BERGAMASCO: 1897-1912 (*Bergamo Co-operative Agricultural Consortium, 1897-1912*). Bergamo, A. Mariani, 1913.
- CONSORZIO AGRARIO BOLOGNESE: Cenni sul suo ordinamento per la Commissione Americana per gli studi sul credito e la cooperazione agraria in Italia (*Bologna Agricultural Consortium: Hints as to its Organization, for the American Commission for the Study of Agricultural Credit and Co-operation in Italy*). Bologna, Stabilimento Poligrafico Emiliano, 1913.
- CONSORZIO AGRARIO COOPERATIVO PER LA PROVINCIA DI CREMONA: Rendiconto dell'anno 1912. Esercizio XVI (*Co-operative Agricultural Consortium for the Province of Cremona: Report for the Year 1912. 16th., Working Year*). Cremona, Stabilimento tipografico della Provincia, 1913.
- COOPERATIVA CREMONENSE PER LA FABBRICAZIONE DEI CONCIMI CHIMICI. Rendiconto dell'esercizio 1911-1912 (*Cremona Co-operative Society for the Manufacture of Chemical Manure: Report on the Working Year 1911-1912*).
- FEDERAZIONE DELLE CASSE RURALI E POPOLARI DELLA PROVINCIA DI BOLOGNA. Relazione (*Federation of Rural and People's Banks of the Province of Bologna: Report.*). In Honour of the American Commission for the Study of Agricultural Credit. Bologna, Berti, 1913.

- FEDERAZIONE NAZIONALE DELLE CASSE RURALI ITALIANE, IN ROMA. Relazione Sommaria del direttore C. De Carolis sul lavoro compiuto negli anni 1909-1912. (*National Federation of Italian Rural Banks in Rome: Summary Report by the Manager, C. De Carolis, on the Work Done between 1909 and 1912*). Roma, Befani, 1913.
- ISTITUTO DI CREDITO PER LE COOPERATIVE: Relazione e bilancio, ottavo esercizio. (*Credit Institute for the Co-operative Societies: Report and Balance Sheet for the Eighth Working Year*). Milano, Tipografia degli Operai, 1913.
- PRIMO CONSORZIO AGRARIO COOPERATIVO PIACENTINO: Relazione e bilanci della gestione 1912 (*Premier Agricultural Co-operative Consortium of Piacenza: Report and Balance Sheet for the Year 1912*). Piacenza, Stabilimento Tipografico).
- INDACATO AGRICOLO COOPERATIVO PADOVANO: Rendiconto della gestione 1912: anno XXIII di esercizio (*Paduan Agricultural Co-operative Syndicate: Report for the Year 1912: 23rd. Working Year*). Padova, L. Crescini, 1913.
- SOCIETÀ COOPERATIVA POPOLARE DI MUTUO CREDITO IN CREMONA: Rendiconto 1912: esercizio XLVI (*Popular Co-operative Society for Mutual Credit at Cremona: Report for the Year 1912, 47th. Working Year*). Cremona, Leoni, 1913.
- SOCIETÀ UMANITARIA: Otto anni di attività dell'Ufficio agrario della Società Umanitaria: 1905-1912 (*Humanitarian Society: Eight Years of the Work of the Agricultural Office of the Humanitarian Society, 1905-1912*). Milan, Tipografia degli Operai, 1913.
- UNIONE AGRICOLA BERGAMASCA: Relazione e bilancio, esercizio 1912. (*Bergamo Agricultural Union: Report and Balance Sheet for the Year 1912*). Bergamo. Tipografia S. Alessandro, 1913.

OTHER PUBLICATIONS:

- REISSER (Alberto): Le nuove provvidenze del Ministero d'Agricoltura per le Società per azioni e cooperative e per la tutela dei risparmi (*New Measures taken by the Agricultural Department in behalf of the Societies Limited by Shares and the Co-operative Societies and for the Safeguarding of Savings*). In "La Riforma Sociale", Rome, no. 5, May, 1913.
- ROSSI (Prof. Dr. Italo): Gli oleifici cooperativi (*Co-operative Oil Mills*). Catania, Battiato, 1913.

SWEDEN.

ECONOMIC ASSOCIATIONS REGISTERED IN SWEDEN BETWEEN 1897 AND 1911.

SOURCES:

REGISTRERADE FÖRENINGAR FÖR EKONOMISK VERKSAMHET I SVERIGE 1897-1911 (*Economic Associations registered in Sweden between 1897 and 1911*) in the "Sociala Meddelanden utgifna af K. Kommerskollegii afdelning för arbetsstatistik" (*Social Bulletins, published by the Labour Statistics Section of the Royal Council of Commerce*), No. 8, Stockholm, 1912.

In the number of this Bulletin for October-November, 1910, we published a study on agricultural co-operation in Sweden to which we refer our readers for what concerns the organisation of co-operation in Sweden.

At the date of the publication of that article there were no official and complete statistics on the development and the state of co-operation in Sweden; this is why we gave no precise data on the subject. Since then, however, special researches have been made into Swedish co-operation and the results have just been published in the Social Bulletins of Labour Statistics of the Royal Council of Commerce at Stockholm.

By Royal Decree of June 22nd., 1911, promulgated at the same date as the new law on economic associations (1), the Labour Statistics Section of the Council of Commerce received order to prepare a report on the economic associations in Sweden. The report was made out in accordance with the data supplied by the official registers of the economic associations the only source of information now existing in Sweden on the subject. These data were besides completed by means of information furnished directly by the local registration officials.

In the following pages we summarise the most interesting information contained in the report from January 1st., 1897 (the date on which the law of June 28th., 1895 on registered co-operative associations came into force) to December 31st., 1911.

The progress made by co-operation is shown in the following table:

(1) Legal denomination of Co-operative Societies in Sweden.

ECONOMIC ASSOCIATIONS REGISTERED BETWEEN 1897 AND 1911 41

Year	Associations Registered in the Year	Associations Dissolved in the Year	Percentage of Associations Dissolved
1897	367	—	—
1898	188	7	3.7
1899	201	7	3.5
1900	196	25	12.8
1901	244	25	10.2
1902	260	29	11.2
1903	265	42	15.8
1904	430	26	6.0
1905	506	26	5.1
1906	652	41	6.3
1907	729	38	5.2
1908	631	65	10.3
1909	534	77	14.4
1910	370	86	23.2
1911	323	57	17.6
Total . . .	5,896	551	9.3

With regard to the age of the associations, it is specially interesting to observe that the number of new associations registered, which was 367 in 1897, was only 188, 201 and 196 in the three following years. The high number in 1897 is evidently due to the fact that several associations already existing decided on registering so as to acquire the rights of registered associations in accordance with the 1895 law. From 1900 the number of new associations registered increased regularly, up to 1907, when the maximum was reached. This increase is chiefly to be attributed to the foundation of numerous associations for the collective purchase of farm requisites.

In recent years, on the other hand, the number of new associations registered has decreased. Thus, in 1911, only 323 were registered. The report unfortunately does not give the reasons for this.

The distribution of the associations in the various provinces is very variable. Generally speaking, co-operation is most developed in Scania, Gotland, the West Coast provinces, Dalecarlia and Southern Norrland, whilst the smallest numbers of associations are found in the provinces of Uppland, Småland, Blekinge and Västergötland.

The following table shows the number of associations per 10,000 inhabitants.

Town of	Stockholm	7.01
Province of	Stockholm	7.36
"	Uppsala	7.19
"	Södermanland	12.80
"	Östergötland	8.18
"	Jönköping	5.62
"	Kronoberg	9.27
"	Kalmar	6.87
"	Gottland	19.14
"	Blekinge	5.54
"	Kristianstad	16.08
"	Malmöhus	10.69
"	Halland	11.83
"	Gothenborg and Bohus	12.91
"	Älfsborg	9.72
"	Skaraborg	7.99
"	Värmland	9.48
"	Örebro	9.35
"	Västmanland	11.96
"	Kopparberg	14.14
"	Gäffleborg	13.52
"	Västernorrland	15.20
"	Jämtland	21.80
"	Wästerbotten	10.14
"	Norrbottn	10.79
The whole of Sweden		10.60

On account of the insufficiency of the information contained in the official registers it is still somewhat difficult to distinguish between the rural and urban associations.

Further, the registers give us no certain information with regard to the dissolution of the associations. Several of them, in fact, decide to dissolve and go into liquidation without advising the Government as required by law.

By the end of 1911, 551 associations had been dissolved and had notified the Government, and of these 145 had failed. Let us, however, observe that according to the *Social Bulletins of Labour Statistics*, the total number of dissolutions were twice as many.

The registers give no information as to the total number of members nor as to the work of the economic associations.

The following table shows the various classes of economic associations

ONOMIC ASSOCIATIONS REGISTERED BETWEEN 1897 AND 1911 43

Associations Registered and Dissolved between 1897 and 1911.

Workmens' Co-operation	Associations		
	Registered	Dissolved	Existing
Distributive Associations	1,187	259	928
Associations of Domestic Servants and Waiters at Cafés	52	8	44
Working Men's Associations for Production	95	17	78
Tevedores' Associations	17	—	17
House Purchase Associations	590	81	509
Associations for Purchase of other Buildings than Houses	1,585	51	1,534
Press and Printing Associations	27	7	20
Credit Associations	32	6	26
Miscellaneous Associations	212	17	200
Central Associations	2	2	1
Total	3,800	443	3,357

Agricultural Co-operation	Associations		
	Registered	Dissolved	Existing
Central Associations	31	1	30
Associations for Purchase	1,009	30	979
Collective Employment of Machinery	101	11	90
Associations for Production of Peat Moss Litter	37	—	37
Machinery Associations	559	47	512
Laughter House Associations	12	2	10
Associations for the Sale of Eggs	69	4	65
Livestock Improvement Associations	75	8	67
Arch Making and Distillery Associations	89	2	87
Miscellaneous Associations	114	3	111
Total	2,096	106	1,988
Total Number of Associations	5,896	551	5,345

The division is based on the connection or absence of connection between these associations and agriculture. The associations the object of which is to promote in some way or other the interests of the farmers have

been grouped together under the title: *Agricultural Co-operation*. The other associations, the action of which is very different in character, are chiefly composed of workmen, and, therefore, have been grouped together under the head: *Workmen's Co-operation*. Of course this division was sometimes very difficult, owing to the mixed character of many associations. Thus the associations for purchase of dwelling houses have been counted as workmen's associations, as has been done in the case of certain distributing associations which, in addition to their proper purpose, propose to provide their members with farm requisites.

On the other hand associations, the principal object of which is to provide farm requisites, but which also serve their members as distributing associations, have been classed as agricultural associations.

3,800 associations have been considered as workmen's and 2,096 as agricultural co-operative societies. According to the registers 443 or 11.6% of the first class have been dissolved and only 108 or 5.2% of the second. The difference between the two classes as regards the number of failures also to be remarked. Of the workmen's associations, 143 or 3.8% have failed and of the agricultural associations only 2 or 0.1%.

This greater power of endurance on the part of the farmers' economic organizations is due at once to their greater centralisation and to the fact that the agricultural associations are often organised as associations in which the members are personally jointly and severally liable.

Among the workmen's associations, 103 only, or 2.7% have provided for the joint and several liability of their members, whilst 992 (47.3%) the agricultural associations have made the same provision.

Part II: Insurance

GERMANY.

SOCIAL INSURANCE OF AGRICULTURAL LABOURERS AGAINST SICKNESS,

by Dr. STIER SOMLO, of Cologne.

§ 1. INTRODUCTION.

A special reason for discussing the above matter is afforded by the new social insurance code promulgated on July 19th., 1911 under the name of Imperial Order on Insurance (RVO). It is in six volumes and in them are brought together everything that has been up to the present embodied in a large number of laws. The first volume deals with a long series of legal institutions and statutory provisions of essential importance in all branches of Insurance. In the same way, the innovations of administrative character which have found expression in the institution of an auxiliary social office, called Insurance Bureau, and affect the Superior Insurance Bureau (hitherto the Court of Arbitration for Labourers' Insurance), the Imperial Insurance Office and the regional insurance offices, certain number of which are still working, are also included, as far as their external form is concerned, in this volume. The second volume deals with sickness insurance, the third is concerned with accident insurance, the fourth with disablement insurance and insurance in behalf of survivors. This last form of insurance has not yet been undertaken in any of the civilised countries of Europe or America. The fifth volume includes a series of legislative provisions regulating the mutual relations of the various insurers as well as those between them and the persons subject to insurance. It is especially to be noted in this connection, that the sickness insurance societies, professional associations and disablement insurance institutions insuring against sickness, accidents and disablement and in behalf of survivors, work in such a manner as to bring out in practice their points of mutual contact as laid down by law, so as

to prevent persons insuring twice and generally facilitate the united action of the various branches of insurance. In the sixth volume the procedure to be followed in all the insurance bureaux is laid down, that is to say, the modes of verification and the procedure to be observed in case of law suits. The code provides for a new procedure on a large scale to be added to the various kinds of administrative procedure already existing. The Imperial order on Insurance has not come into force simultaneously for all the branches of insurance. Thus, the rules for insurance against disablement and in favour of survivors came into force on January 1st., 1912, those for accident insurance on January 1st., 1913, whilst those for sickness insurance will only come into force in 1914. It is therefore quite a new subject we are treating in this article, especially as far as sickness insurance is concerned, the provisions for which only come into force next year. Besides, it is this branch of insurance in which the greatest number of innovations have been introduced, among which the insurance of farm labourers is the most important. Up to the present, that is to say in accordance with the law on sickness insurance which remains in force for the whole Empire up to the end of 1913, in the case of agricultural employees and labourers insurance is not compulsory, unless it is expressly laid down in the rules of a commune or a communal federation or by a special law of the Confederated State concerned.

Saxony, Württemberg, Baden, Hesse, Brunswick, the Saxon Duchies and Bremen, not to mention other states, have profited by this liberty, whilst it was precisely in Prussia, that, owing to the influence of certain agrarian groups, there was no question of insurance being made compulsory by law. As regards agricultural accident insurance, it was also regulated by laws previous to the Imperial Insurance Order. According to the provisions for insurance against disablement, it was not such or such industries which were subjected to this kind of insurance, but such or such classes of persons, as for example labourers, apprentices, domestic servants, employees, workmen, master workmen, technical employees, superior employees etc. So that those of them engaged in agriculture were also subject to compulsory insurance before January 1st., 1912. In the following article we shall deal exclusively with the legal conditions of sickness insurance, as it is an innovation as yet untried. On the other hand, the law on agricultural accident insurance has been little modified by the new Order. The same may be said with regard to disablement insurance; the only innovation here consists in the benefits being also made applicable to the survivors.

§ 2 GENERAL QUESTION OF INSURANCE OF AGRICULTURAL LABOURERS.

In § 165 the Imperial Insurance Order has abandoned the principle of specifying such a class of industry or profession as being subject to compulsory insurance. It now only considers *persons* of a definite class as being subject to compulsory insurance. Thus, in essential agreement with

the law on disablement insurance (§ 1,226 RVO); the following will be assured against sickness: labourers, apprentices, domestic servants, clerks, master workmen and other employees in a similar situation, all in case this loss of work forms their principal occupation, as well as other classes of persons not considered in the present essay. Section 166 lays down the special provisions (§§ 417-434) applicable to insurance of persons engaged in agriculture. We see from it that, as far as sickness insurance is concerned, the same rules which are in force for all the other branches of industry and industrial undertakings, are also applicable to persons engaged in agriculture. Further, these provisions are completed by new special regulations, corresponding with the particular position of those concerned, that is for the labourers, employees and other persons engaged in agriculture. It is also to be observed that by virtue of § 161, to be found in the first volume, containing the provisions of general character, the legal regulations relating to farms, masters, contractors and employees, in the absence of other provisions of special character, are also applicable to forestry enterprise, the masters, contractors and employees in such business. Sections 915 and following of the RVO, found in the first volume, concerning accident insurance, specify what is to be considered agricultural and what forestry enterprise. We shall return to the subject under our section III.

But before touching the various special legal questions we shall here show the importance from the general, political and sociological point of view, of the fact that compulsory insurance has been extended to meet the case of agricultural and forestry labourers. That this was not done earlier is really due to political reasons, that is to the special nature of agriculture, not merely, the patriarchal system or the system in which the mutual relations of the landed proprietors and agricultural labourers resembled those of the members of one family, but also the special manner of rewarding labour, and, not in the last place, generally, the somewhat antiquated system of the rural districts. Thus, the fact of the opening of a breach in this wall of rock is far more important than might appear at first sight. As a reaction against the French Revolution, in Germany and especially in Prussia, the reform of Stern-Hardenberg, resulted in a mixture of conditions, and an abrogation of privileges, still nothing could prevent, as was seen later, the formation of a social stratum, thanks to which, in place of personal bonds, economic bonds were established in certain classes. And whilst the labourers engaged in industry, and especially those in the factories, in the course of the nineteenth century, realised their personal and economic emancipation, the agricultural population remained behind. A large circle of German middle class society, for reasons now very obvious, refuse to grant them the right of association. This is specially shown in the fact that the agricultural labourers are not even subject to the insurance on industry and consequently they do not enjoy the benefits of the laws in the code granting protection to labourers. This denial of the right of association has also its importance in this case from the point of view of formal law, as §§ 152 and 153 of the Industrial Ordinance only

apply to industrial workmen. These sections are to the effect that all the prohibitions and penal clauses affecting manufactures, industrial agents (Gehilfen), workmen and apprentices agreeing together or assembling for the purpose of obtaining more favourable conditions of wages or labour, especially by means of the suspension of labour or dismissal of workmen are abrogated. In this way the right of strike on the part of the workmen and the right of *lock-out* on the part of the masters are guaranteed. Certainly, the effect of this measure is weakened by another provision, in accordance with which every one participating in the above agreements or assemblies is free to withdraw without this giving rise to complaints or objections. Section 153 of the industrial order is concerned with the abuse of the liberty of association. Whoever making use of constraint, by force, threats, calumny or defamation, decides or attempts to decide others to take part in such meetings or accept the resolutions passed at them, or by the same means hinders or attempts to hinder others from withdrawing from such engagements, is liable to imprisonment for a period not exceeding three months, unless a heavier penalty be provided for the case in the general penal code. Now as § 6 of the Industrial Order formally excludes agriculture from the effects of the Order, the provisions for the liberty of association in the same code are not applicable to agricultural labourers. According to § 24 of the Imperial law on associations, of April 19th., 1908, the provisions of the local law on rural labourers' and servants' assemblies and understandings remain unchanged. There is no doubt that provisions applying in such or such a Confederated State to certain agreements among rural labourers or servants still remain in force. Provisions like those of § 3 of the law of April 24th., 1855 on the violation of the contract of labour on the part of workmen and agricultural labourers hardly come within the scope of the law on associations. Similar to the Prussian law are: a law of Anhalt of April 16th., 1899 and a law of the Principality of Reuss (Younger line), of May 12th., 1900; from all these laws it appears that the agricultural labourers do not enjoy the right of association. The penalties for the breach of contract of labour, as imposed in the above States, show in their turn that the rights of agricultural labourers are more restricted. *As, by the extension of compulsory sickness insurance, the agricultural labourers are given a position in principle equivalent to that of industrial workmen*, there is reason to believe that this first step will lead in the other States above mentioned to further progress of the right of association.

It is not in the local sickness insurance societies, but in the *Provincial Sickness Insurance Societies* that the agricultural and forestry labourers will be insured (as will also be the case with domestic servants, day labourers and small artisans). In these provincial sickness insurance societies the autonomy of the administration is very limited. The agricultural labourers should have been made subject to compulsory insurance with all its consequences or should not have been made subject to it at all. The reasons given in the Imperial Insurance Order in justification of the regulation are not convincing. It is there said that the agricultural labourers are still

little experienced in autonomous administration, and that, in view of the long distances, they are far from being in the same position as the industrial labourers. But the fact is it is only by participation in autonomous administration that they can acquire the capacity for it; as to the remark on the long distances it has scarcely force nowadays, in view of the increased means of transport and traffic. The special fear, shown in the Imperial Insurance Order, is out of place, as it is imagined that the farm and forest labourers must be protected from the danger of being denied their rights, and deprived of a true representation of their interests in the working of the autonomous administration, especially at election time. Finally, in the statement of reasons, mention is made of incompatibilities which might manifest themselves in a meeting, where newly insured members would associate with the old, incompatibilities which would be considerably accentuated in the case of a difference in the conditions of insurance, above all in the rates of premiums and subsidies, for the new classes of the population subjected to insurance, such as the small artisan, day labourers, agricultural servants and labourers. But this consideration should only have led to a differentiation of the premiums and contributions; the limit of the annual revenue should have been fixed at 3,000 marks in the case of industrial workmen and 2,000 marks in that of those insured in the rural societies; but the rights of the latter in the autonomous administrations should not have been limited. To sum up, the situation of the agricultural and forestry labourers should have been made identical with that of the industrial labourers. Experience alone can show if they will make sufficient and satisfactory use of their rights in every point of view.

Up to recently the need for the insurance of agricultural labourers was not considered as urgent as for industrial workmen. Reference was made to the patriarchal character of the relation between agricultural masters and labourers, and to the resemblance of these relations to those uniting the members of a family and to the fact that assistance was given most frequently in kind, whilst the system of sickness insurance societies must rest on the monetary principle.

In addition, it was alleged there would be difficulty in proving what persons must be considered as agricultural labourers and in distinguishing them from servants; then with good reason the difficulty was insisted on of supervising the sick in the country and finally that of the often insufficient number of doctors and hospitals. To meet these objections it will be enough to say: an obligation of insurance merely in the rules of societies has been shown to be insufficient and an obligation imposed by the laws of each State has not proved satisfactory either, both on account of the limited local area and of the results that may be foreseen. It is precisely Prussia and Bavaria that, out of deference to the agrarian party, did not impose compulsory insurance for agricultural labourers by law. Recently, it is true, among far seeing landed proprietors the conviction has prevailed that sickness insurance is no less necessary for the agricultural labourer than for the industrial workman and also, that for the treatment of the patient at home, the assistance

given privately by the master is not sufficient, while it involves the master in trouble, inconvenience and expense. Besides this assistance privately given does not give the satisfactory results that may be obtained from the treatment of the sick by competent men. It is also seen that the workmen find it preferable when, instead of being treated after the patriarchal style as a charity, they receive, when sick, the same treatment as the industrial workmen. As to the substitution of the payment of a premium for assistance in kind, within the last quarter of a century there has been a change of view also in this respect, a change which may be observed in the whole field of agriculture and diminishes the importance of assistance in kind. By making servants also subject to compulsory insurance any inconvenience due to the difficulty of distinguishing them from labourers properly so called is got rid of. The larger the number of the insured, the easier will be the supervision. Finally, the insufficiency of the doctors and hospitals is only a temporary inconvenience. The number of doctors increased from 15,824 in 1887 to 30,457 on July 1st., 1904; whilst the increase of the population during the period has only been 24 %, the doctors have increased 92 %. The increase, it is true, is largely in the large towns, yet the country districts share in it to a very considerable extent. Up to 1913 there was no change in the proportion of the doctors. The situation is rather worse, as the number of doctors establishing themselves in the towns has increased, whilst in the country the number has diminished. It is just the agrarian circles interested, that is the large and small landholders, who complain bitterly that medical assistance in the country leaves much to be desired and that there is a danger of sickness being aggravated through the slow arrival of the doctor, whom it is not always easy to find. Now it is to be foreseen with certitude that when compulsory insurance comes into operation, the doctors will establish themselves in larger numbers in the country districts, since up to the present a suitable economic and social position has not been offered to them there. This change will come about as soon as the compulsory insurance of agricultural and forest labourers comes into force. The situation of the doctors and societies which had become almost unbearable will improve by the removal of a considerable number of doctors from the large towns and average centres of population to the country. One cause of the competition continued up to the present, and by no means a negligible one, is precisely the discouraging economic position of a large number of doctors, especially the younger ones, in the towns, whilst in the country a sufficiently sure existence is offered to them. Besides the number of pharmacies and hospitals in the country has also considerably increased, so that in this respect the fears with regard to the compulsory insurance of agricultural labourers will be dissipated, the rather as a further increase of pharmacies and hospitals will be a necessary consequence of compulsory insurance.

§ 3. COMPULSORY INSURANCE AND EXEMPTION FROM SUCH INSURANCE.
RIGHT TO INSURANCE. VOLUNTARY INSURANCE.

From date of January 1st., 1914, persons occupied in agriculture are subject to insurance (§§ 166, 417 et seqq. Reichsversicherungsordnung). The question of what persons these are has often given rise to dispute. It will be well here to distinguish two groups, namely:

A. According to the Imperial Insurance Order, among persons occupied in agriculture are included all engaged in work auxiliary to agriculture, that is to say in any undertaking economically dependent on agriculture and carried on simultaneously with it. This dependence is to be presumed wherever the conditions of fact permit it at all. An economic dependence of such or such an undertaking upon another undertaking may generally be proved if there is an economic bond between the two. The object of the industrial enterprises is not the only means for establishing the proof; what has even more to be considered is the relation of the quantity and amount of raw material produced by the undertaking and acquired by purchase, then the proportion of the working days in the two undertakings, and that of the gross product and net yield. Then a work undertaken by a farmer must also be considered an auxiliary undertaking when it has not a special object as its sole or principal aim. Besides, there must be other circumstances sufficiently convincing to render it possible to show that the undertaking in question is carried on as auxiliary to the agricultural and forestry industry in which the farmer is engaged, and is dependent economically upon it. The principal condition is that the undertaking is subordinate to the agriculture and forestry (Principal Book of Insurance against Accidents, 3rd edition. T. 2, pp. 35, 36). But those are specially considered auxiliary undertakings that have for their principal object:

(a) A further manipulation or transformation of the produce of the agricultural industry carried on by the farmer. Thus, for example, a bakery carried on as auxiliary to a mill is included in the insurance of the mill. A brewery is an auxiliary undertaking if the farm produce is used for it and if its subproducts are utilised for the farm. Distilleries, when the production of alcohol is considerable, may also be regarded as auxiliary undertakings. The pressing of grapes, the treatment and storing of wine in cellars generally constitute work auxiliary to viticulture, if the produce of the vineyards of one single farmer are chiefly used. With regard to dairies the same rule applies as in the case of distilleries. Mills are also auxiliary undertakings when the same labourers and the same motor force is utilised alternately for the two undertakings which thus mutually complete each other, the mill utilising the farm produce and the farm in its turn utilising the mill. The centre of gravity must be in the agricultural and forestry industry. Trade in fruit is an auxiliary undertaking, when agriculture is the principal business.

(b) The undertaking must serve the needs of agriculture.

(c) Auxiliary undertakings may have for their object the utilisation or farming of portions of a landed estate.

Yet, in the legal sense, for purposes of insurance, not all undertakings dependent on agricultural or forestry industry are auxiliary to agriculture or forestry. The law excepts specially large and dangerous undertakings, namely; mining, work in salt pits, workshops for the treatment of minerals, timber yards, coal mines, deposits of building material, as well as undertakings for the production and preparation of explosives; nor are those auxiliary undertakings which, in view of their size, their special arrangement of machinery or the large number of industrial workmen they employ, may be classed as factories. Inland navigation and the business of floating wood and other auxiliary businesses are included in the insurance of the principal agricultural business only when the work does not exceed the limits of local traffic. Thus, they are considered as auxiliary when they are meant to serve the needs of the principal farm. Simple inland navigation or wood floating enterprises may also be considered as dependent on the principal farm, if the work does not exceed the limits of local traffic. Undertakings that by their nature are subject to industrial accident insurance are considered as dependent on agriculture only when the farmwork plays a predominant part in the business. By this rule it was desired to make the training of race horses subject to compulsory insurance. A more general form of expression has been adopted to express the thought that undertakings, as for example the training of riding and carriage horses, when their manager in his quality of manufacturer or farmer is considered as conducting businesses of the same kind, should be included in the insurance of his other businesses if they play a predominant part in them.

B. Those persons are also considered as occupied in agriculture who work on farms dependent on an industrial undertaking and not insured, in accordance with their rules by an industrial co-operative society, on the other hand, a similar situation is not admitted in the case of small rural manual industries. This is specially important in relation for example to work done by the week. Whilst women engaged in such work in industrial businesses receive wages for 8 weeks, the provisions as regards members of the rural sickness insurance societies fix the period of the week's wages (*Wochengeld*) at a minimum of 4 and a maximum of 8 weeks, so that in this case 4 weeks might easily have been allowed by the law.

On the proposal of the master, any person may be exempted from compulsory insurance who, in case of illness, has legal right to demand from the master an allowance equivalent to that granted by the corresponding sickness insurance society. The right to an undetermined amount that can not legally be enforced, is not enough; it must be a duly formulated legal right. The subsidy which the person in question has a right to claim must correspond to the total, that is must be equal to the legal minimum, as well as to the maximum claim allowed by the rules of the society to which the employer belongs or would have belonged had he not been exempted from compulsory insurance. It is laid down, first of all:

(a) That the full amount of the allowance is to be paid by the master himself out of his own funds. The master must not collect from his staff either the premiums nor any similar pecuniary contributions. He cannot either compel the labourer to pay premiums to a private insurance society, even if such premiums do not exceed the ordinary rate of the labourer's insurance society. On the other hand, the master is allowed to contract an insurance on his own account, that is to say he may arrange with a third person, especially an insurance society, to pay the subsidies; the staff must in no case share in the payment of the premiums.

(b) The solvency of the master must be assured. This is why it is generally large landed proprietors who can arrange the exemption of their employees from compulsory insurance.

(c) The master must make application on behalf of all the employees engaged on his farm, as the engagement mentioned in the contract is based on two weeks' regular labour at least. By this provision it is attempted to prevent masters availing themselves of this right of exemption only in the case of good risks, while leaving the bad risks to the sickness insurance society. A farmer may however only apply for exemption in the case of his agricultural labourers and domestic servants. The distinction between labourers and domestic servants would in this case really often be very difficult to make. If a farmer gives work to agricultural labourers as well as to domestic servants, he is not obliged to apply for exemption of both classes. The exemption is only valid for the term of the contract of labour. It ceases consequently from the moment another work subject to compulsory insurance begins. The decision of one society does not bind another to a similar decision, the less so as the first decision may have been pronounced in quite other circumstances on the basis of quite other conditions and the diversity of the rights and obligations of members in the various societies is of a nature to give rise to very appreciable difference in the decisions. The exemption lapses before the expiration of the contract of labour if the master registers all his employees with the insurance society, or if the insurance bureau, on its own account or at the suggestion of one of the exempted employees discovers the insolvency of the master. In the case of benefits insured, which at the date of the cessation of the exemption are already being enjoyed or which, in the case of unemployment after leaving the society, become due in the course of the three weeks following the cessation of the exemption, the society has no obligations; the right of the exempted employee against his master remains unaffected. However, the exempted have up to then the power at once to avail themselves of their right to be registered in the insurance society, just as if up to the expiration of their exemption they had been members of the society; they are consequently treated as if they had passed from one society to another. The period of exemption corresponds in every respect with the period of membership in a legally constituted insurance society. All the benefits of the society, especially compensation to those engaged by the week (Wochengeld), treatment and maintenance in a hospital (Wöchnerinnenheim), assistance and food at home, the services of the nurse and

doctor in confinements and assistance to women after confinement, must be accorded as if, during the period of exemption, the employer belonged to a sickness insurance society (§§ 166, 417- 419, 422, 918- 921 RVO).

§ 4. BENEFITS AND PREMIUMS.

Agricultural labourers receive either the regular benefits or increased benefits. The first are also known under the name of minimum benefits and must be accorded in *every* case. The increased benefits are accorded in conformity with the provisions in the rules.

First, as regards the regular benefits the agricultural labourers may enjoy the following:

A. Assistance in Sickness. This includes:

(a) Treatment from the commencement of the sickness. It includes medical treatment and the supply of medicaments, spectacles, bandages and other small appliances.

(b) Sick pay (Krankengeld) at the rate of half the wages for each working day, from the fourth day of illness if the sickness disables the patient, and if the disablement begins later, from the day on which it commences. In rural societies it may be provided in the rules that the local rate of pay shall be considered the ordinary wages. This is generally less than the average day labourer's wages.

If the master proposes it, the payments from the society for the period of the contract of labour concluded with an agricultural labourer, on *condition of his renouncing his sick pay* (Krankengeld), are reduced as follows. The contract must be for a year at least; afterwards, the insured receive either supplies in kind for a year, for an amount equal to 300 times the daily sick pay (Krankengeld) or for one working day an amount equal to this allowance, and the right to such supplies shall be limited to the period of the labour contract. If the period of the sickness exceed that of the contract of labour and the patient remains ill, he regains his right to the sick pay (Krankengeld). The master must pay over the amount to the society. By the rules the payments are reduced according to the proportion of the sick pay (Krankengeld) to the value of the other benefits. Besides, the rules may diminish the sick pay (Krankengeld) to the insured who, after the expiration of the contract of labour, have a claim to benefits inferior to those mentioned: the premiums are reduced in proportion. As long as the master does not accord the benefits stipulated in the contract the society must pay at his instance the allowance due to the patient. The master must reimburse it. Then, the rules of a rural society may stipulate that members to whom, in terms of the law on State Insurance in force for the Empire, a pension of 300 times the amount of the daily wages is assured, may receive no sick pay. In this case the premiums paid by these members are also reduced in proportion. With regard to the pensions

there are : the pension in case of accidents, the pension for sickness, and the pension to survivors.

No consideration is to be taken of the pension to the sick (Krankenrente), or revenue from other sources, such as legacies and subsidies (Pension, Veteranenunterstützung, Vermächtniss, Ruheohn). Account can only be taken of the pensions already granted and not of the rights to claim pension which have not yet been recognised or sanctioned. Besides, the rules may establish, in the case of workmen who are generally only able to work for a short time, an average rate of pay lower than the local wages. This is in consideration of the lighter agricultural labour, such as hop picking and cattle herding, for which old people are generally engaged at very low wages. It was feared that generally such people would no longer find employment, if, in case of sickness, they had to be assured of not only medical assistance but also sick pay. Finally the rules of a sickness insurance society may, generally or in the case of certain groups of its insured, reduce the sick pay for the period from October 31st. to March 31st., or for a part of this period, to a fourth of the local wages ; in such case the payments for the same period may be reduced, or the sick pay for the rest of the year increased within the limits allowed. This provision should only be applied as a general rule to groups of insured persons who work during the summer season and gain nothing or almost nothing in winter. The sick pay is intended to give the insured person, within certain limits, compensation for the loss of his wages through his being temporarily prevented from working. Thus if he were to receive this compensation at a season when his work would have been in any case interrupted or reduced and he would be gaining little or nothing, the sick pay (Krankengeld) would have no justification, or should only be paid in part. In certain circumstances, the insured person on falling ill might find himself in improved economic conditions. That would incite to malingering. This danger is particularly to be feared in the country where in winter work is often regularly interrupted for a long time and, in addition, it is difficult, in view of the great distances, to supervise the sick. If the sick pay is small, the insured will have no interest in malingering and what is more important, the expenses of the society will be less in proportion. As, if the sick pay in winter is lowered, it must be raised in summer, or else the amounts to pay must be reduced in proportion, there could be no further complaint in the matter.

c. *Home Treatment of the Sick.* Instead of medical treatment and sick pay, the society may grant attendance and treatment in a hospital. If the insured person has a home of his own or assists in the maintenance of his family his consent is required. This rule is not always followed if the nature of the sickness calls for treatment that would be impossible at the man's house, or in case of contagious disease, or if the patient frequently disobeys the orders of the doctors, and does not follow the necessary treatment, or if his condition and state of mind call for constant supervision. The rural insurance societies may be allowed to stipulate in their rules for a more extended treatment in favour of members incapacitated for work

by sickness, if in the district of the society the grant of the usual benefits would be too burdensome in proportion to the premiums of the agricultural labourers concerned and if there are sufficient hospitals and similar establishments for the more extended treatment of the patient. It is consequently imagined that in these cases the economic situation of the labourers is especially bad, and the grant of the usual assistance to the sick would be too burdensome. As more extended treatment of the patients the societies grant the agricultural labourers instead of medical assistance and sick pay, medical treatment pure and simple in a public or private hospital. This is what is called the usual benefit. The patient need not be sent to hospital if the doctor thinks it unnecessary. If he is not sent to hospital, the rural insurance society must grant him the medical treatment ordered by the law. If he refuses the hospital treatment, when this depends on his consent, he has only the right to medical assistance and, if his daily wages serve for the complete or partial maintenance of his family, to the half of the allowance granted to the sick.

(d) The society may, with the consent of the person assured, grant *assistance at home*, that is to say the assistance of nurses or other persons accustomed to the care of the sick when it would have been possible to place the patient in the hospital, provided there be a serious reason for the patient remaining with his family. The rules may allow for a deduction of the fourth part of the sick pay for this purpose. If the assistance at home is granted to an insured member whose daily earnings serve for the complete or partial maintenance of the members of his family, there must further be paid a subsidy (*Hausgeld*) equivalent to half the sick pay (*Krankengeld*). In the rules of the rural insurance societies it is laid down whether a money allowance must be granted to the members of the family of the insured in addition to the assistance granted to the patient and what shall be the proportion of this allowance.

B. *Subsidy to Women Working by the Week*. As to all persons subject to sickness insurance, a subsidy (*Wochenhilfe*) is also granted to women working by the week, but as we have already said, a clause has been introduced into the rules of the rural societies, limiting the allowance to a period of 4 or at most 8 weeks.

C. *Compensation in case of Death* (*Sterbgeld*). The compensation in case of death of an insured employee is equivalent to 20 days' ordinary wages. From this amount deduction is first made for the funeral expenses which are paid to the person who has incurred them. If there remains a balance, it is paid over, in order of precedence as follows, to the wife or husband, the children, the father, the mother, the brothers and sisters, if living with the family of the deceased. In the absence of such heirs the balance returns to the society. If the rules of the rural society provide for the more extended treatment of the patient, the compensation in case of death may be raised in their rules to a maximum of 30 marks.

With regard to *increased benefits*, the rules may extend the period of assistance to the patient to one year, accord assistance to the convalescent and the necessary means of assistance to those remaining disabled after

treatment. Further, the rules may increase the amount of sick pay to three fourths of the amount of the ordinary wages and grant it generally for holidays and Sundays. Then the rules may suppress the period in which no allowance is given, that is they may grant the patient sick pay from the first day of his illness, in case of illnesses lasting more than a week, or ending in death, or those caused by accidents in work. Further not only medical appliances of little importance, but also those of greater importance may be granted. The societies may also provide the patient with nourishment and his family with a money allowance. They may also grant assistance and attendance of nurses and sisters of charity at home, the assistance of nurses in the confinements of the wives of the insured, and subsidies to the women confined (*Stillgeld Schwangerschaftunterstützung*).

In the foregoing pages we have passed in systematic review the benefits the sickness insurance societies must give to agricultural labourers and have made incidental mention of the *premiums*: we must now deal with these specially. The persons subject to compulsory insurance have to pay two thirds and the master one third of the premiums; those who have no right to insurance and wish to insure themselves must pay the whole premium. The rules may permit of the insured, temporarily in receipt of reduced wages, remaining all the same insured in the superior class in which they were before insured, if they undertake to pay the balance of the premium, or the master consents. In case of disablement there are no premiums to be paid for the period of assistance to the patient. The same is the case for the period during which the insured person receives the subsidy by the week (*Stillgeld*) and subsidies in her confinement. The society may graduate the premiums according to the various classes of labour and professions of the insured and increase the proportion of the master's payments in the case of certain work presenting greater risks of sickness. The premiums, at the foundation of the society, may be calculated at more than $4\frac{1}{2}\%$ of the ordinary wages, only if that is necessary in order that the society may provide for the usual benefits. If the revenue of the society does not cover the expenditure including the contributions to the reserve fund, the rules must be amended so that the usual benefits may be reduced or the premiums raised. If the premiums calculated at 6% of the ordinary wages do not cover the expense of the usual benefits, the communal administration must furnish the society with the necessary money. If the revenue of the societies exceeds their expenditure, when the balance amounts to twice the minimum sum established by law, the rules must be amended so as to reduce the premiums, or the benefits to be granted by the societies must be increased. The masters must pay the premiums for their employees subject to insurance, and the insured must allow the portion of the premium due from them to be stopped from their wages. The masters may not adopt any other system to recover the amounts due to them.

Order may be given, on the suggestion of a provincial sickness insurance society that masters who are slow in paying their premiums and whose

insolvency has been proved by a judicial order enforcing payment of a debt shall only pay their part of the premium. In such case, those of their employees, who are subject to compulsory insurance must themselves pay their portion of their premiums on the day they receive their wages.

§ 5. INSURERS OF AGRICULTURAL LABOURERS AGAINST SICKNESS.

The insurers of agricultural labourers against sickness are the rural insurance societies. This is, however, only the general rule, for the law of the special State may forbid the institution of rural insurance societies where there are already sickness insurance societies (*Ortskrankenkassen*) representing the principal type of this class of institution.

The executive authorities of the society are the *presidential bureau* and the *delegation*, which arrange for the despatch of the business of the society. The members of the presidential bureau choose the President from among themselves. On the other hand, in the rural sickness insurance societies the communal delegates elect the president and the other members of his office, including one or more vice presidents. One third of these members represent the masters; the other two thirds the insured. The delegation is formed, one third of representatives of the masters and two thirds of representatives of the insured; it may consist at most of 90 members. In the local sickness insurance society (*Ortskrankenkasse*), the masters and the insured who are of age elect their representatives separately from among their own members under the supervision of the presidential bureau. In the rural society, however, the communal delegation elects the representatives of the masters and of the insured from among the members of the respective groups.

Special provisions are made for the meetings of the sickness insurance societies, the retirement of members from them, their dissolution and suppression, but on the details of these it is not necessary for us to dilate here. The provisions in force with regard to the insurance of agricultural labourers in rural sickness insurance societies apply in the same way to temporary agricultural labourers.

§ 6. CONCLUSION.

Such are in all their simplicity the important provisions in regard to the sickness insurance of agricultural labourers. A superficial glance will suffice to convince us that the local sickness insurance societies (*Ortskrankenkassen*) and their insured are in a far more favourable position and that as regards the various benefits rendered by the societies, their organization and their right to manage their own affairs, the rural insurance societies occupy one of considerable inferiority. It is not for us, however

to enter into details here ; let us rather, in conclusion draw attention to another point of view.

Although the organization of the rural sickness insurance societies is not entirely satisfactory, these societies still constitute an organization. Professional groups and groups of persons who up to the present found obstacles in the way of their political association will now find their opportunity in the rural sickness insurance societies. It would be absolutely futile to discuss the question whether this development will be useful or not, and whether from the political point of view it is to be praised or condemned. It is enough that it presents from the point of view of political and sociological history an interesting factor, the connection of which with the provisions and innovations of the Imperial Insurance Order can not be called in question. But the event is typical. For it shows that not only a legislative work of the amplitude of the Imperial Insurance Order remains within the sphere of practical social assistance, but also, whether its initiators were aware of it or not, it enters the field of general politics to exert a considerable influence on the development of social relations. Thus regarded, not only is the insurance of agricultural labourers against sickness certainly a benefit, if it is not quite sufficient in its details for this professional class, but also it is an eloquent innovation in favour of their right of association in the future, and, apart from this, and in the first place, it must naturally serve to improve the economic conditions and the health of the classes concerned.

AUSTRIA.

BILL ON HAIL INSURANCE AND THE PROGRESS OF THIS BRANCH OF INSURANCE IN 1910.

OFFICIAL SOURCES:

REGIERUNGSVORLAGE UEBER DEN VERSICHERUNGSVERTRAG No. 527 der Beilagen zu den stenogr. Protokollen des Abgeordnetenhauses, XXI Session 1910 (*Bill on Insurance, No. 527 of the Reports of the Discussions of the Chamber of Deputies*), Vienna.

DIE PRIVATEN VERSICHERUNGSUNTERNEHMUNGEN IN DEM IM REICHSRAT VERTRETETENEN KÖNIGREICHEN UND LÄNDERN IM JAHRE 1910 (*Private Insurance Businesses in the Kingdoms and Countries Represented in the Reichsrat, in 1910*). Official Publication. Vienna, 1913

In the May number of the *Bulletin of Economic and Social Intelligence* we mentioned the principal provisions relating to livestock insurance included in the bill on insurance recently laid before the Chamber of Deputies.

This bill was first presented in the House of Lords on December 19th, 1907. The discussion was postponed several times, either on account of the closing of the session, or to allow of amendments and improvements in the form or the provisions. As the bill has been studied by several parliamentary commissions composed of lawyers and economists of the greatest experience in this class of subject, we may conclude that it will be soon passed. So we think it well to give here at once the chief provisions contained in it under the special head of hail insurance. We shall also utilise for the purpose certain of the considerations put forward by the persons charged to report on the bill.

* * *

Hail insurance is dealt with in the third chapter of the first part of the bill §§ 89-95. In terms of § 89 the insurer against hail must give compensation for damage caused by hail to the produce of the soil.

By this it is made clear that damage caused by hail in other ways, as, for example, damage to windows, will come under the general rules for insurance against damages, and not under those of the third chapter of the bill. Generally, it is understood, on the other hand, that the hail insurance only refers to the crops it is intended to cultivate at the moment of insuring; however, in the case of insurance of forage, the various crops cut during the period of insurance are included.

The ordinary rules for compensation by the insurer cannot apply to hail insurance, since, if the compensation were based on the value of the produce immediately before the disaster, in most cases it would be illusory, for the produce is not yet mature. Therefore it is laid down in § 90 that the compensation must be in proportion to the value the insured produce would have acquired if it had not been damaged by hail.

The amount of this value is calculated in accordance with the prices on the neighbouring markets. If, afterwards, the insured produce is several times damaged by hail during the period for which it is insured, then, in virtue of the principle in accordance with which the insurance must not be a means of enrichment for the person insured, the insurer may deduct from the total compensation due the amount already paid or to be paid on account of the first disaster.

Section 91 lays down that the obligation to notify the disaster is considered as discharged if the notification is made within the four days following that on which the disaster occurred.

Here also the general principles are departed from, as according to them the disaster must be reported as early as possible. But it is taken into consideration that the hail may fall at a distance from the dwelling and consequently the farmer may not be immediately aware of it; on the other hand, this class of disaster could not be brought about dishonestly, or could the loss be fraudulently aggravated; even when a limit of four days is fixed for the notification, the insurer cannot suffer.

Payment of the claim may be deferred to the thirtieth day of September in the year in course. If, however, at that date, on account of local circumstances, the harvest has not yet been gathered, payment may be postponed until a fortnight after has been stored.

This provision, contained in § 90, is easy to understand when account is taken of the special characteristics of the risks of hail. It is known that hail storms are only frequent in a few months of the year and affect large districts, and that consequently, the insurance societies must in a short space of time make a quantity of valuations and payments. If the bill authorizes the postponement to September 30th., it is just to facilitate these valuations, for it may happen that the crop is not entirely destroyed by the hail, but only partly injured, and may afterwards, thanks to the weather and the farmers' care, recover and regain the value it had lost, and also it may be the farmer will be able to replace the damaged plants by others and thus reduce the amount of his loss. And, in the more southern countries, where harvest time is still later, the bill allows the insurer to make the payments due at an even later date.

In terms of § 93, after a disaster has taken place, each of the parties may denounce contract. This must be done in conformity with § 61 of the bill. For this, a month's notice is usually required; the insurer can only give notice of termination of contract for the end of the period of insurance in which the hailstorm took place; and the insured only for the same date at latest. If the insured gives notice for termination at an earlier date, the insurer has still a claim to the premiums for the period of insurance in course.

There is, therefore, in these cases a departure from the the general rules for insurance against damages, evidently to the advantage of the insured. In fact, if the insurer were authorized to break contract merely at a month's notice, the insured, with no security, perhaps just in the period of the greatest frequency of hail storms, would hardly at once find another insurer disposed to undertake his risks.

Thus, for example, even if the crops insured appear, while the contract is in course, especially liable to damage through hail, or if the spring hail storms have already frequently damaged a farm, so that it would be to the interest of the insurer to break his contract, he cannot do so until the end of the period of insurance. And conditions may not be inserted in the insurance policy at variance with the equitable principle embodied in this rule.

In case of transfer of a holding or its sale by auction, the insurer may only terminate his contract with the insured party, in this case substituted by the new owner of the holding, at the end of the period of insurance during which he has become aware of the transfer of the holding; in this case the limit fixed in §65, paragraph 1 (that is to say a month) shall not apply.

If any one acquires as usufructuary, by contract of lease, or in any other similar legal manner, the right to the insured produce, the rules relating to transfer of the insured holding, in conformity with § 64, paragraph 1, shall apply.

This provision, contained in § 64, which is a deviation from the general principles, and in accordance with which the insurer has the right to rescind contract, at a month's notice, in case of the transfer of the object insured, is justified by the fact that in the case of hail insurance, there is no room for fear of disasters due to fraud, and, besides, in this case also, the party insured whose contract is cancelled would hardly find a new insurer when the season is already advanced. If, in place of a transfer of the holding, there is only a transfer of the right to dispose of the insured produce, it seems just that on the same grounds the above provision should be extended to meet the case.

* *

In accordance with § 42 of the Order of the Departments of the Interior, Justice, Commerce and Finance, of March 5th., 1896, the Official Report of the Department of the Interior on private insurance societies working 1910, in the kingdoms and countries represented in the *Reichsrat*, has been recently published. This report also contains, with regard to hail insurance, the principal statistics collected relating to the development of the various societies undertaking this class of risk. We find in it indications of the amount of premiums collected and claims paid, and of the progress of reinsurance. In 1910, 15 National and 3 Hungarian societies were working in the Austrian Empire. The amount directly assured during the year in the Empire was 389 million crowns; the premiums collected 21

peared as 10,400,000 crowns or 2.68 % of the amount assured and the amount of claims paid for 37,806 disasters was 8,150,000 crowns or 78.05 % of the premiums. About 90 % of the amount indicated above was assured by national establishments.

Among the national undertakings, 4 are societies limited by shares, and 11 are mutual societies; 8 of the mutual societies are large provincial institutions and 3 are local societies. The three Hungarian societies undertaking risks in the Empire are all limited by shares.

The following tables show clearly which establishments undertake the greatest number of risks.

It will be interesting now to compare the figures with those for the preceding year, that is, 1909. The number of insurance establishments is the same, but their work has gone on increasing since, in one year, the total amount assured rose from about 357 million crowns to about 389 million. The large mutual institutions and the national societies limited by shares have especially contributed to this increase; the amount assured in the large mutual institutions has increased by about 17 million crowns, and that in the societies limited by shares by about 13 millions. The local mutual societies also show an increase of business of about two millions; only the Hungarian societies limited by shares show a very slight decrease from about 39,870,276 crowns to 39,720,068.

With the total increase of the assured amounts, we observe, as is natural, an increase in the amount of premiums collected, from 9,891,600 crowns in 1909 to 10,435,579 in 1910 and, whilst in 1909 the proportion of the premiums to the amount assured was 2.77, in 1910 it was 2.68, that is to say a little less; this percentage indicates the greater or less importance of the risks undertaken.

In 1910, hail caused frequent damage in several parts of the Empire and there was an appreciable increase in the number of the disasters, from 24,596 to 37,806; the amount of claims paid increased from 6,022,202 to 8,145,313 crowns, and the establishments put to most serious proof were without doubt the societies limited by shares; the national societies had to pay in 1910 more than a million more in claims than the year before; the Hungarian societies limited by shares had to pay almost twice the amount of the claims they paid in 1909. The large mutual societies contributed in a smaller degree to this increase; they only increased their payments for claims by about 500,000 crowns; the claims paid by the local mutual societies have increased from 35,143 to 220,626 crowns, an amount that was however in part borne by the reinsurers. In their case the percentage of claims paid to the amount assured, which was 1.69 in 1909, was 2.09 in 1910, a certain proof of the frequency and gravity of the disasters in the latter year. The increase in the proportion of claims paid to premiums collected is still larger and more significant; from 60.94 in 1909 it rose to 78.05 in 1910.

We shall reserve the subject of the profit and loss accounts and the balance sheets of these insurance institutions for 1910 for a later number of our bulletin.

TABLE I. — *Total amount of Business*

Numerical Order	Name and Head Quarters of the Society, Institution, etc.	Amount of Insurance Premiums		
		In the Empire	In Hungary etc.	In Bohemia and Moravia
1	2	3	4	5
I. NATIONAL SOCIETIES LIMITED BY SHARES.				
1	K. k. priv. Österreichische Versicherungs- gesellschaft "Donau", at Vienna	659,463	272,525	—
2	K. k. priv. Versicherungsgesellschaft "Öster- reichischer Phönix", at Vienna	1,927,592	510,667	—
3	Wiener Versicherungsgesellschaft, at Vienna.	238,115	269,564	—
4	Hagel- und Rückversicherungsgesellschaft "Meridionale", at Trieste	1,566,891	1,667,380	—
	Total of 1st. Group	4,392,061	2,720,136	—
2. NATIONAL MUTUAL INSTITUTIONS.				
<i>(a) Large Mutual Institutions.</i>				
5	K. k. priv. Erste böhmische wechselseitige Brand- und Hagelschadenversicherungs- anstalt, at Prague	1,163,939	—	—
6	"Slavia" gegenseitige Versicherungsbank, at Prague	652,072	—	—
7	Landwirtschaftliche wechselseitige Versiche- rungsanstalt, at Prague	417,974	—	—
8	Wechselseitige Versicherungsgesellschaft, at Cracow	1,629,615	—	—
9	K. k. priv. mährisch-schlesische wechselseitige Versicherungsanstalt, at Brünn	153,830	—	—
10	K. k. priv. wechselseitige Brandschadenver- sicherungsanstalt, at Vienna	122,457	66	—
11	K. k. priv. wechselseitige Brandschaden- versicherungsanstalt, at Graz	29,314	—	—
12	Niederösterreichische Landes-Hagelversiche- rungsanstalt, at Vienna	410,383	—	—
	Total	4,579,584	66	—
<i>b) Local Insurance Societies (in Bohemia).</i>				
13	Bürgsteiner wechselseitiger Brand- und Hagelschadenversicherungsverein, at Haida	19,969	—	—
14	Wechselseitiger Bezirksversicherungsverein der kk. Bezirkshauptmannschaften Brüx, Dux und Teplitz, at Brüx	78,059	—	—
15	Wechselseitige Brand- und Hagelschaden- versicherungsanstalt, at Pláňan	161,416	—	—
	Total	259,444	—	—
	Total of 2nd. Group	4,839,028	66	—
	Total of 1st. and 2nd. Group	9,231,089	2,720,202	—

Hail Insurance Societies in 1910.

(in crowns)		Reinsurance Premiums Collected (in crowns)	Total (in crowns)	Premiums Transferred for Reinsurance (in crowns)	Amount of Premiums remaining to the Account of the Establishment (in crowns)
Sign No.	Total				
	7	8	9	10	11
	931,988	644,806	1,576,794	362,893	1,213,901
	2,438,259	1,346,686	3,784,945	2,073,944	1,711,001
	507,679	1,827,240	2,334,919	746,563	1,588,356
349	5,916,620	528,719	6,445,339	540,838	5,904,501
349	9,794,546	4,347,451	14,141,997	3,724,238	10,417,759
	1,163,939	—	1,163,939	800,077	363,862
	652,072	—	652,072	408,797	243,275
	417,974	—	417,974	162,357	255,617
	1,629,615	349,979	1,979,594	707,965	1,271,629
	153,830	—	153,830	115,372	38,458
	122,523	—	122,523	91,878	30,645
	29,314	—	29,314	22,688	6,626
	410,383	—	410,383	205,191	205,192
	4,579,650	349,979	4,929,629	2,514,325	2,415,304
	19,969	—	19,969	—	19,969
	78,059	—	78,059	60,434	17,625
	171,416	—	161,416	64,978	96,438
	259,444	—	259,444	125,412	134,032
	4,839,094	349,979	5,189,073	2,639,737	2,549,336
49	14,633,640	4,697,430	19,331,070	6,363,975	12,967,095

TABLE II. — *Total Amount of Business*

Numerical Order	Name and Head Quarters of the Society, Institution, etc.	Amount		
		In the Empire	In Hungary etc.	In Russia
		3	4	5
	1. NATIONAL SOCIETIES LIMITED BY SHARES.			
1	K. k. priv. Österreichische Versicherungsgesellschaft "Donau", at Vienna	483,939	310,845	
2	K. k. priv. Versicherungsgesellschaft "Österreichischer Phoenix", at Vienna	1,466,920	582,139	
3	Wiener Versicherungsgesellschaft at Vienna.	142,252	289,643	
4	Hagel- und Rückversicherungsgesellschaft "Meridionale", at Trieste	1,132,600	1,889,938	
	Total of 1st. Group	3,225,711	3,072,565	
	2. NATIONAL MUTUAL INSTITUTIONS.			
	(a) <i>Large Mutual Institutions.</i>			
5	K. k. priv. Erste böhmische wechselseitige Brand- und Hagelschadenversicherungsanstalt, at Prague	689,147	—	
6	"Slavia" gegenseitige Versicherungsbank, at Prague	350,858	—	
7	Landwirtschaftliche wechselseitige Versicherungsanstalt, at Prague	233,190	—	
8	Wechselseitige Versicherungsgesellschaft, at Cracow	1,543,206	—	
9	K. k. priv. mährisch-schlesische wechselseitige Versicherungsanstalt, at Brünn	217,383	—	
10	K. k. priv. wechselseitige Brandschadenversicherungsanstalt, at Vienna	151,829	—	
11	K. k. priv. wechselseitige Brandschadenversicherungsanstalt, at Gratz	21,558	—	
12	Niederösterreichische Landes-Hagelversicherungsanstalt, at Vienna	635,170	—	
	Total	3,847,341	—	
	(b) <i>Local Insurance Societies (in Bohemia).</i>			
13	Bürgsteiner wechselseitiger Brand- und Hagelschadenversicherungsverein, at Haida	8,234	—	
14	Wechselseitiger Bezirksversicherungsverein der k.k. Bezirkshauptmannschaften Brüx, Dux und Teplitz, at Brüx	17,492	—	
15	Wechselseitige Brand- und Hagelschadenversicherungsanstalt, at Pilsen	194,900	—	
	Total	220,626	—	
	Total of 1st. Group	4,067,967	—	
	Total of 1st. and 2nd. Group	7,293,678	3,072,565	

Hail Insurance Societies in 1910.

Societies	Total	Claims Paid on Reinsured Risks (in Crowns)	Total (in Crowns)	Reinsurers' Contribution (in Crowns)	Amount of Claims remaining to the Account of the Establishment (in Crowns)
	7	8	9	10	11
	794,784	692,113	1,486,897	291,155	1,195,742
	2,049,059	1,305,005	3,354,064	1,758,386	1,595,678
	431,895	1,501,251	1,933,146	434,024	1,499,122
120	5,922,658	463,252	6,385,910	617,421	5,768,489
120	9,198,396	3,961,621	13,160,017	3,100,986	10,059,031
	689,147	—	689,147	482,249	206,898
	350,858	—	350,858	218,044	132,814
	238,190	—	238,190	90,285	147,905
	1,543,206	459,973	2,003,179	634,028	1,369,151
	217,383	—	217,383	163,037	54,346
	151,829	—	151,829	113,872	37,957
	21,558	—	21,558	15,527	6,031
	635,170	—	635,170	317,584	317,586
	3,847,341	459,973	4,307,314	2,034,626	2,272,688
	8,234	—	8,234	—	8,234
	17,492	—	17,492	13,093	3,499
	194,900	—	194,900	71,568	123,332
	220,626	—	220,626	85,561	135,065
	4,067,967	459,973	4,527,940	2,120,187	2,407,753
120	13,266,363	4,421,594	17,687,957	5,221,173	12,466,784

TABLE III. — *Insurance Business Transacted within the Empire by other than National Societies.*

Num- ber- ical Order	1	Name and Head Quarters of the Society	2	Premiums Collected (in Crowns)	3	Claims Paid (in Crowns)	4
		HUNGARIAN SOCIETIES LIMITED BY SHARES.					
1		a Fondère », Pester Versicherungsanstalt, at Budapest		215,979		107,817	
2		Ungarisch-französische Versicherungsaktiengesellschaft, at Budapest		299,904		259,481	
3		Ungarische Hagel- und Rückversicherungsaktiengesellschaft, at Budapest		688,607		484,327	
		Total		1,204,490		851,625	

TABLE IV. — *Insurance Business Transacted in the Empire, by National and Foreign Societies.*

Num- ber- ical Order	1	Classes of Business	2	Amount Assured (in Crowns)	3	Premiums Collected (in Crowns)	4	Number of Disasters	5	Claims Paid (in Crowns)	6	Percentage of Premiums Paid to Amount Assured	7	Percentage of Claims Paid to Amount Assured	8	Percentage of Claims Paid to Premiums Collected	9
1		National Societies Limited by Shares		161,412,957		4,392,061		9,593		3,225,711		2.72		2.00		73.44	
2		National Mutual Institutions		187,935,744		4,839,028		23,400		4,007,967		2.57		2.16		84.07	
		(a) Large Mutual Institutions		177,626,497		4,579,584		21,267		3,847,341		2.59		2.17		84.01	
		(b) Local Mutual Institutions		10,309,247		259,444		2,133		220,626		2.38		2.02		85.05	
3		Hungarian Societies Limited by Shares		39,720,068		1,204,490		4,903		851,625		3.03		2.14		70.70	
		Total		389,068,769		10,435,579		37,806		8,145,303		2.68		2.09		78.05	

ITALY.

1. AGRICULTURAL INSURANCE SOCIETIES WORKING IN ITALY IN 1911.

We reproduce from the balance sheets of the insurance societies, published in the official Bulletin of societies limited by shares (2nd. Part.-A; 1912, Nos. I-XII), the principal data relating to the business of hail livestock insurance societies in 1911. They will be found in the following tables from which it will be seen that the greater number of hail insurance societies work in Upper Italy. Seven of these are limited liability, 5 mutual and ten co-operative societies.

Of the livestock insurance societies limited by shares, six are mutual and four co-operative societies. In the case of a large number of local mutual societies we have no statistics. We have not added the Statistics of the fire insurance societies, as they generally make no distinction between urban and rural risks.

TABLE I. — *Hail Insurance Societies Working in Italy in 1911.*

Title of Societies	Head quarters	Assured Value	Premiums Collected	Premiums Transferred for Reinsurance	Claims Paid	Repayments Made by the Reinsurance Societies	Share Capital or Guarantee Fund
La Reale (a) (1)	Bologna	55,376,832	2,451,347	828,131	2,315,201	1,123,900	2,250,000
L'Italia (a)	Milan	30,049,761	1,344,460	236,689	1,058,507	250,442	2,000,000
La Fruttenza (m)	Milan	102,532,946	198,878	35,932	428,296	20,930	500,000
L'Aurora (a. c.)	Bologna	4,611,442	208,095	93,076	178,376	88,731	150,000
L'Emilia (a. c.)	Bologna	9,785	53,435	33,560	32,403	30,885	72,900
Interprovinciale Agric. Union (a. c.)	Cremona	5,347,303	251,293	28,335	300,730	31,047	323,000
Mutual Aid Society (m)	Milan	77,707,555	3,564,686	46,359	4,660,133	926,584	2,527,987
Fixed Premium Hail Limited Liabil- ity Insurance Society (a)	Milan	109,306,900	5,141,246	2,133,508	4,510,422	2,268,868	4,000,000
L'Avvenire (m)	Milan	—	30,094	30,094	55,114	55,114	100,000
La Vercelliese (a. c.)	Vercelli	9,318,290	849,558	—	911,749	—	217,889
Gen. Co-oper. Insur. Soc. (a. c.) (a)	Milan	52,676,238	131,314	140,303	24,681	35,134	18,000
Gener. Ltd. Liability Ins. Soc. (a)	Milan	10,281,172	433,927	68,883	212,167	71,838	1,300,000
Provinciale Agric. Assoc. (a. c.)	Rome	10,774,574	492,080	61,753	358,621	44,572	61,600
Vercelli Ltd. Liab. Co-op. Soc. (a. c.)	Vercelli	2,546,862	183,841	70,062	363,824	135,560	150,000
Catholic Insurance Society (a. c.)	Verona	41,800,140	2,026,681	603,873	1,847,816	739,211	425,827
Eguaglianza (m)	Milan	65,371,267	2,820,153	—	2,207,584	—	1,314,870
Mutual Insurance Society (m)	Milan	12,251,690	546,949	115,360	484,461	134,290	249,000
Meridionale (a)	Trieste	59,431,873	2,814,379	507,328	3,193,624	674,322	3,150,000
Providenza (a)	Milan	9,691,857	452,635	116,305	486,144	245,947	3,000,000
La Lomellina (a)	Milan	7,346,590	316,465	100,956	324,399	153,704	1,000,000
L'universale (a. c.)	Milan	208,451	8,207	—	15,597	96	98,800
La Forma (a. c.)	Turin	649,008	30,514	472	10,955	—	57,100
Total		667,290,636	24,655,237	5,311,089	23,954,312	7,043,115	23,167,073

(1) The letter (a) indicates limited liability societies; the letter (a. c.) co-operative societies limited by shares; the letter (m) mutual societies.

Table of Society	Head Quarters	Assured Value	Premiums Collected	Premiums Transferred for Reinsurance	Claims Paid	Repayments made by the Reinsurance Societies	Share Capital or Guarantee Fund
Mantuan Mutual Society (m) . . .	Mantua	1,539,485	56,311	—	42,330	—	6,955
Butchers' Beasts Mutual Insurance Society (m)	Milan	400,224,300	133,761	—	140,713	—	98,806
L'Avvenire (m)*	Milan	—	35,178	—	25,519	—	100,000
Italian Horse Insurance Society (a).	Milan	1,256,340	40,960	19,635	3,741	4,091	400,000
L'Italians (m)	Pisa	382,169	8,994	—	1,508	—	1,147
La Vera Provvidenza (a. c.) . . .	Rome	62,080	1,318	—	2,231	—	9,600
Limited Liability Co-operative So- ciety of the Peasants of Galliate Novarese (a. c.)	Galliate	—	4,107	—	10,610	—	—
Horned Cattle Insurance Society (a. c.)	Pontecorvo	405,920	7,887	—	9,360	—	2,175
Mutual Co-operative Society (m). .	Sulmona	—	347	—	510	—	53
Limited Liability Co-operative So- ciety (a. c.)	Suno	—	1,307	—	1,330	—	237
Mutual Insurance Association (m) .	Vicoforte	—	320	—	—	—	1,376
Total	403,870,294	290,490	19,635	237,852	4,091	620,349

2. MISCELLANEOUS NEWS.

1. — THE FLORENCE MUTUAL LABOUR SOCIETY IN 1912-1913. — On February 25th., 1913 the "Tuscan Rural Landholders' Mutual Society for the Insurance of their Farm Labourers against Accidents in their work" completed its fourth working year (from March 1st., 1912 to February 28th., 1913). As this is one of the most successful mutual societies of Italy we think it well to give some information as to its work.

Members and Farms Insured. — In its fourth year, 90 new member owners of 112 farms, joined the society, so that, on February 28th. last there were 531 members and 698 farms insured. The total area of the farms and the manner of their cultivation was as follows:

Fields of grain, vineyards, oliveyards . . .	hect.	72,370
Fields of grain only	"	41,598
Vineyards and special crops	"	1,883
Copse wood	"	81,595
Forest	"	24,995
Uncultivated land, pastures	"	41,745
Hectares . .		264,186

The 112 farms mentioned above as insured during the fourth working year consist of 1,503 holdings of sown land, which, with the 8,979 previously insured, give a total of 10,482 holdings.

Most of the farms insured consist of holdings of an average area from six to ten hectares each.

Persons Insured. — The farm work is usually performed by members of the *métayers'* families and, in exceptional cases, by paid labourers. The latter are usually employed for the transformation of cultivated land into new plantations, etc. There is besides other work, such as harvesting, transformation of agricultural produce, repairs of buildings, etc. which requires annually the employment of a certain number of labourers for certain time.

The persons composing the *métayers'* families are shown on special forms when arrangement is made for the insurance policy. By the help of the information thus obtained, we have been able to draw up the following list for the 698 farms insured up to February 28th., last.

Men between 13 and 65 years of age . . .	37,151
Women " " " "	29,327
Men and women over 65 years of age . . .	5,645
Children under 13 years of age	28,249
<hr/>	
Total	100,372

Insurance Premium. — The following calculation will give us the average premium for sown lands :

Total ordinary premium on February 28th., 1903, frs. 128,679.50, from which the following fixed premiums must be deducted :

for copsewood hect.	81,595 at 20c.,	16,319.00 fr.
for full grown forest trees	24,995 at 40c.,	9,998.00 fr.
for uncultivated areas	41,745 at 5c.,	2,087.25 fr.
<hr/>		
Total hect.	148,335	28,404.25 fr.

There remain 100,275.25 frs, as total premium for 115,851 hectares of cultivated land, which corresponds with 86 c. per hectare. Then, when 10 % has been refunded to the members for the working year 1912-1913, the above premium per hectare is reduced to 60 c.

Thus, as has already been observed in previous reports, this premium varies generally from .50 fr. to 1.50 fr. per hectare of cultivated land according to the area of the holding, the density of the population, the intensity of the cultivation and the character of the crops, and consequently of the labour they require, to which the risks and accidents are evidently proportionate. Besides the insurance premium for each farm covers the case not only of all the persons who have to perform work on it for any reason, but also of the staff of the farm, for whom compensation is fixed in case of accidents entailing death or total or partial disablement.

Accidents. — Between March 1st., 1912 and February 26th., 1913, 18 accidents were declared. The accidents were classified as follows, according to their causes :

	1909-10	1910-11	1911-12	1912-13	Total
Cutting Wood	43	111	162	166	482
Falls from carts, Car- ting	23	41	60	86	210
Falls from Trees, Lopp- ing Branches	17	24	56	68	165
Masonry	16	53	73	73	215
Work in Cellars	14	12	16	35	77
Herding Animals	13	22	26	59	120
Reaping	11	16	26	30	83
Falls generally	10	25	51	37	123
Working the Soil, Clear- ing	10	18	58	38	124
Harvesting, Hay mak- ing	8	44	48	69	169
Miscellaneous Farm Work	5	23	18	28	74
Threshing	5	20	17	44	86
Quarrying Stone or Earth	3	6	4	14	27
Oil mills, Mills	3	4	8	9	24
Wood cutters, Varnish makers	1	6	10	9	26
Superintendents, Guards	2	6	2	5	15
Miscellaneous Accidents .	6	12	24	18	60
Total	190	443	659	788	2,080

As there are no statistics in Italy of the work done on farms, the data supplied by the Florence Mutual Society which has for its field of action a very complex region of agriculture are, without doubt, specially interest-
ing.

Claims. — The following Claims were paid between March 1st, 1912 and February 28th., 1913.

Accidents during the Year	Death Frs.	Permanent Disablement Frs.	Temporary Disablement Frs.	Total Frs.
1911-12	2,000	8,949	3,331.25	14,280.25
1912-13	14,700	10,990	7,027.30	32,717.30
Total Amount Paid	16,700	19,939	10,358.55	46,997.55
Estimate for claims to be paid for accidents under consid- eration and authorized on February 28th., 1913.				30,022.80
Total Claims				77,020.35

In the following table the claims are classified in accordance with the natures of the accidents :

	1909-10	1910-11	1911-12	1912-13	Total
Death	1	5	9	10	25
Permanent Disablement .	14	35	46	22	117
Temporary Disablement .	77	180	263	237	757
Refused	98	223	336	391	1,048
Under Consideration . .	—	—	5	128	133
Total	190	443	659	788	2,080

As 128 claims are still under consideration, we cannot have the final statistics till next year.

Results of the Working Year. — The total revenue amounted to 144,433 fr., 49, the expenditure for claims, management etc. to be deducted amounted to 88,928 fr. 22½; there was therefore a profit of 51,515 fr. 27 of which 15,454 fr. 58 were paid to the reserve fund and 36,060 fr. 69 paid to members; this latter sum corresponds with 30% of the premiums paid by the members in the year 1912-1913. These premiums amounted to 120,202 frs.

On February 28th., 1913, the ordinary reserve fund amounted to 588 fr. and the extraordinary reserve to 7,200 fr.

* * *

2 — THE FEDERATION OF MUTUAL LIVESTOCK INSURANCE SOCIETIES MILAN, IN 1912. — On December 31st., 1912 this Federation completed second working year as a reinsurance society. The federated societies were then 18 in number and the reinsured societies 14. These latter had together 1,055 members with 1,875 head of livestock insured for an amount of 749,735 frs.; of this 291,178 frs. were reinsured. The reinsurance premiums and other receipts amounted, during the year, to 3,846.63 frs.; claims and miscellaneous expenses to 3,520.34 frs, which gives a profit of 326.29 frs. The following table gives the amount of the premiums and the claims for each of the fourteen societies reinsured.

Head Quarters of the Mutual Societies	Premiums paid	Claims paid	Difference	
			Profit	Loss
1. Calvenzano . .	404.80	666.50	261.70	—
2. Cassano d'Adda .	160.40	296.15	135.75	—
3. Turbigo	500.00	500.00	—	—
4. Abbiategrasso .	1071.47	333.50	—	737.97
5. Gerenzano . . .	117.80	226.00	108.20	—
6. Bellinzago . .	147.00	147.00	—	—
7. Sesto Calende . .	107.26	125.70	19.44	—
8. Vimodrone . .	348.40	343.40	—	5.00
9. Nerviano	49.00	53.90	4.90	—
10. Mozzanica . .	151.50	24.50	—	27.00
11. Capriano Brianza.	22.65	83.50	60.85	—
12. Meda	301.00	306.00	5.00	—
13. Vailate	400.00	400.00	—	—
14. Fermo	30.85	—	—	30.85
	3,812.13	8,507.15	595.84	900.85

What we have said refers to the insurance work. In the field of mutual aid, the Federation has continued, as in previous years, to assist its affiliated societies freely in improving their administrative organization and their bookkeeping.

* *

3. — PROMOTION OF MUTUAL LIVESTOCK INSURANCE SOCIETIES. — The Home Office (General Management of Public Health) has forwarded to the Prefects a circular signed by H. E. the Under Secretary of State, the Hon. Signor Falcioni, urging them to support and assist in every way the development of the mutual livestock improvement societies, which are spreading more and more in the country especially through the agency of the National Committee of Agricultural Mutuality. Previously, in June 1911, the Department had already urged the prefects and provincial offices of health to second the action of this Committee and now in view of the important services rendered by them to the Committee, it again urges its subordinates to follow with increasing attention and zeal the movement in favour of these special forms of insurance. The new circular is more precise as to the necessity of the intervention of the health officers in this work of healthy mutualist propaganda among the farmers and enjoins the assistance of the provincial veterinary surgeons in the foundation of societies and the preparation of special rules, particularly with regard to the fight against epidemic cattle diseases.

Further, the prefects are urged to support, when they shall judge fit, the work of the Central Committee, either drawing the attention of the

mayors of their province to its undertakings or encouraging the meetings of the Committee itself shall call in order to stimulate the mayors to promote the foundation of mutual insurance societies.

Thus the General Management of Public Health, as far as in it lies, will second and co-ordinate a movement which not only directly serves the interest of the farmers and promoters of agricultural industry, but is also destined considerably to assist in the work of prevention and treatment of infectious cattle diseases, which is to-day more than ever of the greatest economic and social interest for agriculture.

3. PUBLICATIONS OF RECENT DATE RELATING TO INSURANCE IN ITALY.

(a) OFFICIAL PUBLICATIONS:

ANNALI DEL CREDITO E DELLA PREVIDENZA: Serie II. Vol. 1^o. Il Monopolio delle assicurazioni sulla vita - Parte I. Atti parlamentari (*Annals of Credit and Thrift: Series II. Vol. 1st.: Life Insurance Monopoly. Part. I. Parliamentary Proceedings*). Department of Agriculture, Industry and Commerce. Rome, G. Bertero, 1913.

(b) PUBLICATIONS OF THE ORGANISATIONS:

ASSOCIAZIONE GENERALE DI MUTUO SOCCORSO DI BERGAMO NEI SUOI PRIMI CINQUANT'ANNI DI VITA (1862-1912). (*General Mutual Aid Society of Bergamo in the First Fifty Years of its Existence, 1862-1912*). Bergamo, Istituto Arti Grafiche, 1913.

SOCIETA' MUTUA DEI PROPRIETARI DI FONDI RUSTICI IN TOSCANA PER L'ASSICURAZIONE DEL PERSONALE DELLE AZIENDE AGRARIE CONTRO GLI INFORTUNI SUL LAVORO. Relazione sul quarto esercizio (dal 1^o marzo 1912 al 28 febbraio 1913). (*Tuscan Landholders' Mutual Society for the Insurance of their Farm Labourers against Accidents in their Work. Report on the fourth Working Year (from March 1st. 1912 to February 28th., 1913)*). Florence, G. Rammella, 1913.

MA CATTEDRA AMBULANTE DELLA MUTUALITA' AGRARIA DELLA PREVIDENZA; denominata "Comitato Nazionale della Mutualita' agraria". Relazione dell'Opera svolta nel biennio 1911-12 (*First Itinerant Lecturership of Agricultural Mutuality and Thrift, called "National Committee of Agricultural Mutuality"; Report on the Work done by it in the two years 1911-12*). Rome, Officina Poligrafica Italiana, 1913.

SERVIA.

INSURANCE OF AGRICULTURAL RISKS BY COMMUNAL GRANARIES.

OFFICIAL SOURCES:

LAW ON COMMUNAL GRANARIES, Belgrade, 1889, pp. 44 (In Servian).

EXECUTIVE REGULATIONS for the Law on Communal Granaries, Belgrade, 1890

REPORTS PRESENTED TO THE AGRICULTURAL DEPARTMENT on the Work done for the Advancement of Agricultural Economy and the Steps to be Taken for the Purpose. Years 1908, 1909
Edition of the Department of Agriculture, Belgrade, 1911, Government Printing Press, (In Servian).

When Servia was still purely and simply an integral part of the Ottoman Empire, most of the taxes being levied in kind, the peasants paid their share into the special public warehouses, to be found in every locality of any importance. In 1835, the Servian Prince, Milan Obrenovitch, who knew of this system, issued an order for the utilisation of the ancient institution by transforming the warehouses into institutions for agricultural insurance under the name of communal granaries.

§ I. THE LAW ON COMMUNAL GRANARIES.

The Communal Granaries are intended for the relief of peasants who have suffered from some disaster, such as a bad harvest, floods, drought, fire, hail etc.; or who have not enough food or seeds. The peasants are bound to contribute in kind to these granaries or barns in conformity with a special law of 1890 still in force.

Instead of building granaries, urban municipal councils may impose a special tax of 8 francs.

The contributions made to the communal granaries must consist of maize or other grain. All persons subject to direct taxation, except servants, are bound to contribute either 90 kg. of maize in ear or a certain weight of grain varying according to the species (60 kg. of wheat, 70 of rye, 100 of oats, etc.).

The contents of these granaries cannot be requisitioned by Government nor given in pledge. If the contributions are made in money the communal

authorities must deposit it at interest in the public credit establishments to be repaid on demand. It cannot be employed in other ways than those enumerated in the law.

The communal authorities have power to attach the estate of rate payers who have not paid their contributions. A person changing his commune after having fulfilled his obligation keeps his rights to assistance at his new residence. There are special provisions to prevent the granaries being too small and to ensure their perfect correspondence with the laws of health and with social requirements (proximity to the town house, supervision, etc.).

The communal authorities are responsible for every thing in connection with the granaries, under the supervision of the Department of Agriculture. They must inspect them at least once a year and, in addition, in every department the General Council may make inspection at any moment, at the expense of the commune concerned.

The losses due to evaporation or other causes during the year are calculated at 30 % in the case of maize and 8 % in that of other grains. A levy of additional centimes, imposed on the rate payers, makes up for the loss, especially when a return of grain is not made.

At the end of each year, the commune must, under penalty of a fine, make a detailed report on the granaries and their property in money or in kind to the General Council of the Department, the General Inspector of Finance and the Agricultural Department.

Any taxpayer who has fulfilled the conditions of the law has a right to a loan from the Commune of grain for food or sowing, in proportion to his needs and the grain available in the communal granary, taking into account the number of applications. The poor who are a charge on the commune have also a right to this assistance, although they may have contributed nothing.

The municipal council decides with respect to the applications. In case more than 20 % of the inhabitants of the commune apply they must be referred to the Central Government, which takes the measures called for by the situation. In small towns where the property of the granaries consists of money, only loans of food are granted.

The loans are repaid immediately after the next harvest, unless it is exceptionally bad.

The Communes may lend each other mutual assistance.

Provision is made for the constant renewal of supplies by means of special measures, especially by means of exchanges with the war department offices.

In case of mobilisation or war the State may requisition two thirds of the contents of the granaries, on condition of returning same within the six months following the demobilisation.

§ 2. THE WORK OF THE COMMUNAL GRANARIES.

We have no certain data as to the situation of the communal granaries before the law by which they are regulated.

In 1892, an order enjoined it on these institutions to conform themselves entirely to the provisions of the law, and the authorities at once set to the payment of the contributions by all those on whom it was obligatory.

As the communes are at liberty to keep the corn and maize as such to realise the value in money, many of them sell and send the amount to the General Management of Land Credit, as a deposit to be repaid on demand. About 700 communes have thus deposits varying from 1,000 to 20,000 francs with the Land Credit Institute.

These figures are considerable: yet for a long time, owing to various circumstances, the situation of many communal granaries has been unsatisfactory; to day, thanks to the recent institution of State scientific agriculturists, the situation has improved to an appreciable degree.

As will be seen in the following table, the contents of the communal granaries are principally maize, more especially as the little wheat supplied serves as a guarantee of the commune to the State or is converted in money with which to buy more maize. In fact, the food of the Servian peasant consists very largely of corn flour.

Contents of the Communal Granaries.

Year	In Hand						
	In Kind (Kilogrammes)					In Money	
	Maize	Meslin	Rye	Wheat	Oats	frs.	centimes
1900	16,974,969	57,662	88,943	80,488	232,519	535,400	—
1904	6,377,301	55,524	92,726	114,707	196,546	638,916	3
1908	14,298,036	5,043	34,469	2,369	16,430	679,180	6
1909	24,535,373	2,583	69,576	18,706	131,007	591,017	9
Year	Balance to Pay						
	In Kind (Kilogrammes)					In Money	
	Maize	Meslin	Rye	Wheat	Oats	frs.	centimes
1900	—	—	—	—	—	—	—
1904	904,741	—	—	—	—	—	—
1908	37,589,538	178,432	232,609	347,690	1,187,161	154,285	7
1909	23,118,695	82,122	199,157	221,963	533,404	158,598	5

Up to 1907, the returns made no distinction between the amounts of cereals really available in the granaries and those guaranteed, and no account was taken of contributions still due. Since then, however, this defect has been remedied, so that we are in a position to say that together with a large stock in hand, the granaries had also 37 million kg. of maize owing to them in 1908 and 23 million in 1909.

The figures in the table can however only be considered as approximate and not as strictly accurate; some communes were in fact excessively slow in sending in their reports and others filled in the forms sent them very imperfectly. On the other hand the masses of the people do not appreciate the importance of the communal granaries; they look upon the institution as a means for exacting a tax. The State is therefore thinking of converting the institution into a system of compulsory agricultural insurance. We shall have an opportunity of returning to the proposal.

Part III: Credit

ARGENTINA.

I. MISCELLANEOUS NEWS.

I. — NATIONAL MORTGAGE BANK. — We have spoken of this State mortgage bank in several previous numbers of this bulletin, describing its organization and indicating the amount of business done by it (1) and showing the amendments introduced into its rules by the law of September 1st, 1911.

We shall here give a short account of the work of the Bank in 1911, based on the report presented by its president to the Minister of Commerce.

It was first of all pointed out in this report that the national land credit institute of the Republic better and better answers the requirements of public economy; with its financial basis, strengthened by the recent reform and its field of action enlarged in favour of small loans, this bank will be able more efficaciously to contribute to the development of agricultural production and of the general wealth. The loans in kind, contemplated by the new law, can only be made after the Bank has constituted the necessary capital out of its profits; in any case, observes the report, the need of them has not yet been felt; for the mortgage notes of hand have remained at a fair price, although there has been a comparative increase in their number.

The attention of the establishment has been above all directed to the national territories, in which new agencies will be founded to facilitate the development of their trade and industry by means of a more rapid conduct of business.

The Bank, on the other hand, proposes by means agencies to increase its business in regard to credit for building, not only in Buenos Ayres, but so in the whole Republic, giving the preference to the small capitalist desirous of possessing a house of his own.

The Argentine mortgage 6 % note of hand is being substituted more and more on the markets for that at 7 %, so that the uniformity of the national mortgage bonds may be considered complete.

The figures in the report we have before us show a considerable progress in the total business done in 1911. On December 31st., 1910, the

(1) See numbers for August, 1911; April and November, 1912.

(2) See number for August, 1912.

circulation amounted to 250,755,300 pesos ^{m/a}; in 1911, notes of hand for 115,926,600 pesos were issued and notes for 30,018,200 pesos were withdrawn, so that on December 31st., 1911 there were in circulation notes for 336,663,700 pesos.

The loans granted during the year amounted to 115,926,600 pesos ^{m/a}, as against 98,804,700 pesos in 1910. On December 31st., 1910 the total loans in course amounted to 377,071,351 pesos.

In order to give a clearer idea of the increasing work done by the Bank, we publish the following comparative table, for the five years 1907-11 (1) which also gives the rates at which the notes of hand were quoted, which, as we see, have continually risen :

as we see, have continually increased.

Years	Circulation on December 31st.	Issue				Loans on December 31st.
		Series	Amounts	Average Quotation		
				5 %	6 %	
1907	129,383,100	K. and L.	30,105,600	82.27	87.96	165,785,887
1908	146,855,400	L.	27,492,700	—	90.24	178,553,747
1909	178,546,250	L.	52,425,400	—	97.74	212,980,307
1910	250,755,300	C. H. A.	98,804,700	—	100.64	287,617,026
1911	336,663,709	C. H. A.	115,926,600	—	99.87	377,071,351

The 115,926,600 pesos shown for 1911 were granted in 4,781 loans of which 4,125 were loans on urban estate, and 656 on rural; the following table shows their distribution in detail, and also their geographical distribution.

	Number	Amount	Urban	Rural	Hectares
In the Capital:					
(Ordinary-Credit) . . .	2,953	53,814,300	2,953	—	—
(Credit for Buildings) .	286	11,786,000	286	—	—
Flores Agency.	3	58,000	3	—	—
	3,242	65,658,300	3,242	—	—
National Territories . . .	53	2,513,500	5	48	443,846
Agencies	1,486	47,754,800	878	608	987,151
Total	4,781	115,926,600	4,125	656	1,430,997

(1) The figures represent pesos national money; 1 peso = 2 fr. 20.

When we consider the amounts we find small loans are the most numerous, which shows that the Bank is encouraging small credit more and more, and so answers one of the greatest interests of the national economy. In fact, of 4,781 loans, 3,524 were not for more than 20,000 pesos each. The following table gives a clear idea of the distribution of the loans according to amount:

Amount	Capital		National Territories		Agencies	
	Number	Amount	Number	Amount	Number	Amount
Between 1,000 pesos and 5,000	877	3,120,700	5	22,500	470	1,387,400
» 5,100 » 10,000	946	7,285,800	5	42,000	356	2,773,900
» 10,100 » 20,000	652	9,866,100	13	211,000	263	4,002,700
» 20,100 » 50,000	526	17,288,700	19	653,000	231	7,924,300
» 50,100 » 100,000	153	11,400,000	7	470,000	118	8,822,500
» 100,100 » 250,000	70	10,832,000	1	200,000	86	14,266,000
» 250,100 » 400,000	16	4,925,000	3	915,000	20	6,188,000
» 400,100 » 500,000	2	940,000	—	—	5	2,390,000
Total . . .	3,342	65,658,300	53	2,513,500	1,486	47,754,800

On December 31st., 1911, the reserve fund amounted to 31,465,876 pesos; the ordinary profits for the working year were 3,767,576 pesos.

The following table shows the situation of the various series of notes in hand:

Series	Annuity	Sinking Fund	Issues	Cancellations	Redeemed	Circulation
A	7 %	I %	20,000,000	18,788,500	1,211,500	—
B	»	»	15,000,000	13,220,350	1,779,450	—
C	»	»	15,000,000	12,926,050	2,073,950	—
D	»	»	20,000,000	15,973,550	3,026,750	927,700
E	»	»	20,000,000	15,789,640	2,911,760	1,298,600
F	»	»	15,000,000	11,358,750	2,615,950	1,025,300
G	»	»	10,000,000	7,595,000	2,405,000	—
H	»	»	61,621,000	41,580,150	2,797,050	17,244,100
I	6 %	4 %	2,539,900	1,807,000	29,200	703,700
J	»	I %	9,264,000	4,233,700	151,100	4,879,300
K	5 %	»	70,165,000	29,434,500	4,568,800	36,161,700
L	6 %	»	899,966,000	16,623,800	3,203,200	70,139,000
C. H. A. . . .	»	»	214,731,300	7,756,850	2,690,150	204,284,300
In Gold . . .	—	—	563,287,600	197,088,040	29,535,860	336,663,700
	5 %	I %	20,000,000	8,762,709	1,865,341	9,371,950

As we have not yet the detailed report for the working year 1912, we are obliged to reserve the consideration of it for a future number: let us however note that in the course of the year loans were granted for 140 millions under the form of notes of hand.

We have before us the monthly statement of the situation of the Bank for March, 1913; on March 31st., there were in circulation notes for the amount of 463,021,950 pesos and the loans amounted to 508,143,396 pesos. Thus the business of this Institute is continually increasing.

We learn from the Buenos Ayres Press that the President has received authority to issue the last fraction of 25 millions thus completing the 500 million pesos forming the maximum limit assigned to the Bank by the law of 1911; by this last issue, the bank intends to carry out the immense task contemplated in the recent reform, for the greater advantage of the political economy of Argentina.

However, adequately to meet the need of credit created by the constantly increasing operations in connection with land, the Bank considers that its financial resources must be at least doubled: we know, in fact, that the Bank has presented a note to the Minister of Finance asking for a new reform of its organic law, in order to raise its capital from 500,000,000 pesos to 1,000,000,000 pesos. The maximum limit of circulation of the notes of hand being now reached, the Bank is obliged to enlarge its financial basis so as to continue in the various regions a work which contributes so effectually to the development of agriculture and the subdivision of landed property.

(Summarised from the Report on the work of the National Mortgage Bank, in 1911, and its monthly balance sheets).

* * *

2. — THE PROBLEM OF AGRICULTURAL CREDIT AT THE 2ND. NATIONAL CONGRESS OF COMMERCE AND INDUSTRY. — The 2nd. National Congress of Commerce and Industry attended by more than 700 delegates was held at Mendoza, from the 5th. to the 13th. April, Dr. Juan Serú in the chair. The work of this important meeting was divided into seven sections: 1st. Transport, (sea, river, land); 2nd. Industries; 3rd. Bankruptcies; 4th. Credit; 5th. Exchanges and Professional Chambers; 6th. Patents; 7th. Legislation and Miscellaneous Subjects. As we see, the programme included the problems the solution of which is most immediately important for the development of the industry and commerce of the great Republic. After having passed through the period of military disorder and that of administrative consolidation, Argentina, several years ago, entered upon its economic stage: its agricultural production and its exchange are evidence of a marvellous development; the fertility of the soil and the high interest on capital attract an immense current of foreign money; business increases on account of the ease with which profits are made; consumption, luxury and comfort increase. But, said Dr. Serú, in his inaugural address to the Congress, the current of this vertiginous economic evolution must be guided and given a more even course, we must give the forces producing this wealth

more and more solid bases. An arrest or an excess of production may bring down the price of securities, trade may stagnate, credit may be shaken. It is in order, he added, that these dangers by which the peaceful future of the national wealth is threatened may be prevented that these congresses be reassembled in which the chief representatives of production and commerce meet together and the best means for avoiding economic difficulties and the most suitable methods for combating the extortion of the middlemen and too avaricious capitalists, who absorb the profits due to labour, be studied. In these congresses the great problems of industry and commerce are discussed and resolutions are passed that may serve to guide the authorities in their work of reform.

One of the problems most urgently calling for solution is that of communications and transport: in so extensive a country, where the centres of production and consumption are so widely separated, where there is so much land to be colonised, the problem assumes the greatest importance. If, in the midst of so many schemes projected, with such an extent of land brought under cultivation, some think that the most judicious policy is to improve the means of exchange in these regions rather than to open new sources of similar production, it is, however, certain that many provinces still are in need of means of communication and the railways indispensable for ordinary traffic. The same may be said of water ways: the large rivers of the interior are the natural arteries giving rise to production and trade in the provinces through which they pass, but full advantage cannot be taken of them until ports suitable for their traffic have been established.

Among the other principal subjects the Congress was invited to discuss, were those of legislation on commercial societies, and winemaking, which, as we know, is in a very thriving condition in the region of Mendoza, the credit question, etc. In consideration of the character of our bulletin, we shall only give here a few particulars with regard to agricultural credit; this has become a matter of capital importance for Argentina, which seeks in cheap agricultural credit the chief means by which to transform the pastoral system, in use over a large part of the country, into a mixed system of livestock improvement and agriculture. In several provinces agricultural co-operative credit institutions have already been founded; others projects are under study for the foundation of such institutions and their adaptation to local requirements. Besides, the Government is interested itself in the matter in recent years and has drafted various bills for the foundation of a *National Agricultural Bank*, the encouragement of the foundation of rural banks, as well as of the use of agricultural warrants, and the consideration of these bills will be soon resumed, as the President of the Republic has announced in his last message to Congress.

In the industrial section the Delegate of the Buenos Ayres Province, the Agricultural Engineer, George Nerou, presented an important report dealing amply with the agricultural credit organized in that province by private initiative. First of all he mentions all the essential characters of this class of credit; it must be granted only to farmers, livestock improvers

and persons carrying on agricultural industries. The borrowers must give proof of their capacity and respectability; the period for which the loan is lent and its amount must correspond with the real requirements of the business.

The loan must not form too heavy a burden, but must always be in proportion to the risks and the interest on capital; it must be paid off in very small instalments, the dates of which must coincide with those of the sale of the produce. The report goes on to show that such credit cannot affect the existing mortgage or discount establishments; in fact, when we consider that the trade of the Buenos Ayres province alone necessitates the circulation of more than 1,000,000,000 pesos and the demand for money is continually increasing, we can not expect the banks to invest their capital in agriculture on the conditions necessary for that industry. In fact the provincial credit establishments large or small, are not disposed to undertake this class of business.

We may calculate the capital required for the cultivation of the farms of this region alone at 200,000,000 pesos: now, if account be taken of the requirements of the livestock improvers and agricultural industries, as well as of the increasing area of the land brought under cultivation, we shall arrive at a colossal amount. In the province, private agricultural credit is placed within the reach of the farmers on conditions closely resembling those of agricultural credit properly so called: this credit is given by dealers and commercial firms established in the country and advancing money for bringing land under cultivation. But this system no longer suits the requirements. Agricultural loans have their special risks, and again a firm can only extend its business over an area too limited for the compensation of its risks or to allow of the reduction of its rate of interest; besides, the area under cultivation increases every year in an extraordinary degree whilst the number of private lenders and their available capital does not increase in the same proportion. Therefore demand and supply do not balance each other and the economic situation is abnormal and unstable.

The moment has therefore come, adds the report, to unite the energies dispersed over the field of modern finance, to institute a large agricultural credit institution, at once strong and adaptable, which, while working over a large area, may establish a balance and maintain the conditions essential for loans in favour of agriculture. There have been attempts made in this direction: the Provincial Minister of Finance presented a proposal, which led to nothing and another presented in the National Senate had as little success.

The Government, says the report, cannot administer such an institution; agricultural credit affects too many and manifold interests: the State would be transformed, on certain occasions, into an invincible competitor holding in its hands the principal strings of the economic movement. On the other hand, an institution originating in private enterprise might also be transformed into a credit institution making itself arbiter of the situation.

The best solution would be to provide a mixed capital for the purpose, that is to say, capital composed of Government funds and contributions from private capitalists; but as the realisation of this idea presents serious difficulties, whilst the time presses, the drafter of the report considers that every effort must be concentrated on the foundation of an agricultural credit institution endowed with private capital but under state regulation.

The necessity for founding agricultural credit institutions in all the regions was maintained by several members of the congress: Francisc V. Martinez, delegate for Entre Rios, who had laid before the Congress an important study on official colonisation in that province, on his side, insisted on the urgency of solving the problem and founding regional agricultural banks as well as of encouraging the formation of co-operative societies in rural centres.

Some members of the Congress called attention to the advisability of offering special credit facilities to farmers devoting themselves to the cultivation of ligneous plants, the extension of which would be very advantageous for the national economy: also, on the proposal of Señor Arthur Praguayro and others, a resolution was passed advising the Bank of the extension of the desirability of granting long term loans to be extinguished in quarterly instalments of 5%, in the Misiones territory and other regions, to planters of *yerba maté*; oranges and other plants, only yielding their first crop after several years, until agricultural credit banks have been founded in the region.

Yerba maté is a shrub from which a drink is prepared which is in great demand among the inhabitants of Argentina; it is found wild, but in consequence of the unrestricted deforestation, the precious plant bids fair to disappear; the national supply is not sufficient for the consumption and large quantities are imported, above all from Brazil and Paraguay. So a few farmers have undertaken the scientific cultivation of the shrub, above all in the Misiones region, with excellent results. But for the extension of this class of farming, which requires several years before giving a return, the need of special long term credit is felt.

2. PUBLICATIONS OF RECENT DATE RELATING TO CREDIT IN ARGENTINA.

BANCO HIPOTECARIO NACIONAL. Informe sobre las operaciones del año 1911. (*National Mortgage Bank. Report on the Operations of the Working Year 1911*). Buenos Ayres. Kosmos. 1912.

ÉDIT FONCIER SUD-AMÉRICAIN: Rapport du neuvième exercice, 1911-1912. (*South American Land Credit Institution. Report on the ninth Working Year, 1911-1912*). Antwerp. Ratinckx, 1912.

LEET (Paul Emile): L'organisation du crédit foncier dans la République Argentine (*Organisation of Land Credit in the Argentine Republic*). "Moniteur maritime et commercial", Antwerp, February 7th.-March 4th., 1913.

EGYPT.

I. THE SITUATION OF THE EGYPTIAN LAND CREDIT INSTITUTE ON OCTOBER, 31st., 1912.

SOURCES :

- LECHENET (A). Credit Foncier Egyptien (*Egyptian Land Credit*) in *L'Economiste européen* March 7th., 1913.
REVUE ECONOMIQUE ET FINANCIERE (*Economic and Financial Review*) of January 23rd, 1913
34th. year., No. 4, p. 128.

In the number of this *Bulletin* for March, 1912 we spoke at length of the origin and development of the *Egyptian Land Credit Institute*. We refer our reader to the article, in that *Bulletin* for all information with regard to the Institute, limiting ourselves here to dealing with the progress of the business of the establishment during the year 1911-1912, as shown in the report on the situation on October 31st., 1912.

The principal figures in relation to the situation at the end of the year 1910-1911 were as follows :

Total Number of Mortgage Loans made since the Foundation of the Institute	15,560
Amount of above Loans	Fr. 1,466,769,235
Instalments in Arrear	,, 40,725,168

At the same date, the position of the land bonds in circulation was as follows :

Nominal Value	Fr. 694,335,775
Paid Off	,, 109,458,592
Balance	Fr. 584,877,183

After these general indications, let us consider what have been the principal operations conducted by this Bank during the year 1911-1912.

In November 1911, the *Egyptian Land Credit Institute* issued 50,000 bonds of the 4 % 1908 type, and then a series with Premiums. The profits in the investment of these bonds permitted of the sale between December 1911 and October 1912 of 35,899 bonds at the average price of 277 frs. 50 c., which gives a total of 961,972.50 frs. The net profits which had been 3,735,603 frs. for the year 1910-1911 amounted to 14,016,670 frs. in the succeeding year. This considerable increase in the profits is chiefly due to the increase in the total interest on mortgage loans and to repayments of loans in advance to the amount of 1,243,571 frs. These profits were distributed as follows :

	1910-11	1911-12
Regulation Reserve Fund	773,560	801,620
Dividends (on Founders' or other Shares). . . .	11,561,000	11,620,000
Commission of the Board of Management. . . .	386,780	400,810
Reserve Fund to meet Bad Debts	1,036,941	1,166,559
Brought Forward to the account of Founders' or other Shares	225,533	270,739
Total	13,983,814	14,241,728

We must observe that the reason these net profits differ from those previously given, is that they include the balances for founders' and other shares brought forward from the previous years, amounting respectively 248,211 frs. for the year 1910-1911 and 225,058 frs. for the following year.

It is certain that the mere examination of the dividends of a financial undertaking can give no accurate idea of its economic prosperity: if, however, these dividends point to a considerable and constant increase, accompanied by a corresponding increase in the real profits and reserve funds, they may give a sure indication of the development and solidity of the business. This is true in the case of the *Egyptian Land Credit Institute*, as the following figures show :

Years	Gross Profits (thousands of frs.)	Net Profits (thousands of frs.)	Dividends on Shares (actions)	Dividends on Founders' Shares
1902-03	12,721	2,337	12	85
1903-04	14,537	2,841	13.50	122
1904-05	17,617	3,780	15	171
1905-06	30,491	8,590	17	400
1906-07	34,873	11,218	24	410
1907-08	38,249	12,125	25	460
1908-09	41,534	12,157	25	461.50
1909-10	42,912	12,955	26	521.50
1910-11	45,565	13,735	26	580.50
1911-12	47,529	14,016	26	601

To these figures, so eloquent in themselves, we shall add particulars relating to the various reserve and thrift funds on October 31st., 1912.

	Egyptian Pounds
Regulation Reserve Fund	236,259,719
Special " "	970,773,066
Reserve Fund to meet Bad Debts	174,042,735
Special Reserve Fund to meet the Drawings of Bonds with Premiums	574,416,579
Account of Bonds with Premiums, issue of 1911	29,783,446
Reserve Fund to meet Loss of Interest on Instalments in Arrears	74,955,840
Fund for Extinction of Debt on Real Estate	50,000,000
Total	2,110,231,385

These data taken together serve effectually to give an idea of the sum and prosperous advance of the Bank.

The conditions of the *Egyptian Land Credit Institute* have also greatly improved since the amendment of article 692 of the mixed civil code by the law of September 7th., 1912. This article laid it down that in case of forced sale, the advantages of the preference mortgage were limited to the balance due plus two years' interest. This provision, which, under the new conditions of Egypt, could not but cause the lender serious loss, proved

ten disastrous, above all in consequence of the many and long delays necessitated by complicated procedure, sometimes causing decisions to be delayed for entire years before the lender could obtain his money. Article 12 as amended therefore provides, on the contrary, that mortgage registration shall give full right, besides to the principal and two years' interest, if at date of summons, also to any other interest that may fall due between that date and the date of receipt of the price of the real estate. Thus, these improved conditions introduced by the law in favour of the lender, together with the elimination from the civil procedure of all formality, allow a more rapid recovery of its over due claims by the *Egyptian Land Credit Institute*, while better regulating the relations between lender and borrower, do have not been the least important causes of the economic progress and prosperity of this important institution.

2. LAW ON UNDISTRAINABLE AGRICULTURAL HOLDINGS OF AREAS LESS THAN 5 FEDDANS.

SOURCES:

JOURNAL OFFICIEL DU GOUVERNEMENT EGYPTIEN. (*Egyptian Government Official Journal*) 40th. Year, Nos. 28 (March 10th., 1913) and 35 (March 26th., 1913).
FINANCE-UNIVERS. — *Universal Financial Review*. 3rd. Year, March, 1913.

The *Bulletin of Economic and Social Intelligence* (1) has already dealt with the bill for the protection of small agricultural holdings submitted to the Egyptian Government to the legislative assembly of the mixed court appeal. The bill, without any radical alteration, but completed in a few important points, was approved and promulgated by Khedivial Decree of March 1st., 1913.

We reproduce in full the text of the law:

"Art. 1. The holdings of farmers who possess only five feddans or less are undistrainable. The farmers' dwelling and outhouses, two draught animals and the implements necessary for the farmwork are also undistrainable.

This immunity from distraint is pleadable against holders of mortgage bonds and pledges and against those who have credit rights, but not against creditors with preference rights. It is pleadable if, at the date the debt

(1) See Nos. for September and November, 1912.

was incurred, the debtor was possessed of more than 5 feddans or was not a farmer.

The debtor may not renounce this privilege of immunity from distraint, but it must be pleaded, under pain of forfeiture, at latest before sentence of expropriation is pronounced.

It cannot be pleaded in suits for recovery of fines imposed for crime or misdemeanour, suits for maintenance in accordance with the marriage contract, for wages due, for care or nursing of children, for residence, or any sum due as dowry.

Art. 2. — The provisions of the foregoing article shall in no way prejudice any right of creditors registered or transferred at the date of the coming into force of this law, or any bills that have become due before that date.

The benefits of the above paragraph shall apply to creditors substituted by means of cession, transfer, endorsement, surrogation or otherwise, equally with those whose rights are reserved therein.

Original creditors or substitutes may, without losing the benefit of the reservations established in their favour, grant the debtor, even by means of the substitution of a new document for the original one, one or more renewals or delays, provided the last maturity be not fixed beyond date of January 4th., 1918, and provided the original document be produced and note be made on it of the renewal with precise indication of the new document or documents.

Art. 3. Our Minister of Justice is entrusted with the execution of the present law which shall come into operation thirty days after its publication in the *Official Journal*."

Apart from the generic importance of this law which puts Egypt in the first place among the nations that are legislating for the formation of *homesteads*, we may say that no law has aroused such interest in Egypt as this. Official statistics show that the total number of small agricultural landholders possessing five feddans or less is 1,200,000 and the total area of their farms is about 1,300,000 feddans. Supposing that each agricultural family consists of three or four members, we may infer that about 5,000,000 of the rural population are interested in the application of the law. A law therefore of such great importance could not but give rise to much controversy, and the chief arguments brought forward against it are seen in the reports of the sessions of the Egyptian Legislative Council. In order to show what these were, we shall give a brief account of the principal debates on the matter.

The first and chief objection raised against the law was that the majority of the farmers not possessing more than 5 feddans really on an average did not possess more than 1 feddan (1). Now it is not possible that so small a holding can suffice for the support of a family consisting of several persons especially in view of the high cost of living to-day. Consequently most of these small landholders find themselves obliged, in order to obtain the necessities of life, to hire other land which is generally only granted them

(1) 1 feddan = 0.42,008 ha.

on mortgage of their own holding. And if there is less difficulty with regard to the law as far as Lower Egypt is concerned, where the rent is paid out of the sale of the warehoused cotton crops, in which the proprietor acts as intermediary, the difficulties in Upper Egypt will be greater, as there the cultivation of grain predominates and the proprietor often is only able to seize the crops of his tenant after the latter has already removed the greater part for his own personal needs and those of his household. Consequently, the small landholders would find it difficult to obtain other land on lease, and thus would make the less well off peasants desirous to part with their holdings.

An amendment was therefore proposed that the small holdings should be undistrainable for payment of arrears of rent. But it was not carried and the following answers were made to the objections urged against the law:

1. The landholders are bound to lease out their land, whatever their situation may be, as they cannot cultivate it all alone.

2. The landholders have a sufficient guarantee of their rents in that they may distrain the harvest of the land leased and that of the landowner or the lessee.

3. The proprietors could not justly require additional guarantee, even in case of distraint, they will obtain all the fruit of the fellah's labour, his time and his outlay.

This general objection against the law being answered, those of minor importance were more easily dealt with. The question of maintenance (second paragraph of art. 1 of the law) has to be considered specially with regard to the Mussulmans, on account of their polygamy and the large number of their children. The husband often abandons his wife leaving her in great straits while he retains possession of her property. The necessity of expropriation in such case is thus rendered evident, so that the amendment to the original bill, proposed during the debate, was accepted without discussion.

Of the direct or indirect effects of the application of this law it is not yet possible to speak. Yet it is interesting to note that it has already created certain difficulties in the work of the *Agricultural Bank of Egypt*, because the Egyptian Government guaranteed the Bank a net annual amount of 3 % on all loans granted to the fellaheen. Now the Bank has specially lent on small holdings and as the 5 feddans law has rendered the majority of the holdings on the security of which it lent undistrainable, it has diminished the profits of the Bank.

This, however, can not be considered too serious an evil when we remember that the loans may be secured on the crops instead of on the land.

JAPAN.

THE POSTAL SAVINGS BANK.

SOURCE:

KOKUMIN NO CHOCHIKUSHIN. YUBIN CHOKIN NO SHOCHO. (*The Sentiment of Economy among our People. Fluctuations of Deposits in the Postal Savings Bank*). From the *Chugwa Shogyo Shimpō* (Journal of Home and Foreign Trade). April 27th., 28th., and 30th., 1913. Tokyo.

UNION POSTALE UNIVERSELLE: (Recueil de renseignements sur l'organisation des administrations de l'Union) (*Postal Union: Collection of Information relating to the Organization of the Offices of the Union*). September, 1911. Lausanne, 1911.

NOSHOMU HOREI SHURAN. (*Collection of Laws and Decrees relating to the Department of Agriculture and Commerce*). Tokyo, 1911.

NIIPPON TEIKOKU TOKUJI TEKIGO (*Statistical Summary of the Japanese Empire*). Tokyo, 1911.

DAI NIJUICHI KWAI YUBIN CHOKIN KYOKU TOKUJI NENPO (21st. *Annual Report on the Postal Savings Bank*).

§ 1. ORGANIZATION.

The Japanese Postal Savings Bank Service was started in May, 1875. All the post offices of the Empire and the Colonies with rare exceptions transact savings bank business. The original law underwent successive modifications before it assumed its present form which, except for slight differences, is that of law No. 23 of February 15th., 1905. We shall give here its principal provisions.

No payment of less than 10 sen (0.258 frs) may be made, nor are fractions of a rin accepted (1). The maximum amount deposited to the credit of a single depositor may not exceed 1,000 yen (2,580 frs.). Yet in the case of deposits in the name of a public corporation, a temple, a school, an incorporated body, a co-operative society or a corporation not seeking profits the deposit is unlimited. The law, also admits joint account deposits

(1) 1 yen = 100 sen = 2 frs. 58 c; 1 sen = 10 rin.

under which name are understood those made by various persons associated together in the name of a representative.

When the amount to the credit of a depositor exceeds the maximum contemplated in the law, the General Direction of Postal Money Orders and the Savings Bank shall instruct the depositor to withdraw the surplus amount; if, within thirty days from date of these instructions the surplus has not been withdrawn, the Direction shall purchase with it state securities of corresponding value which shall remain at the disposal of the depositor. The funds paid into the savings banks are passed on by the General Direction to the Deposit and Loan Bank under the control of the Department of Finance. The Deposit and Loan Bank invests the funds in State revenue Bonds and other safe securities, or, by special arrangement between the Ministers for Home Affairs, Finance, and Communications, a portion may be invested in loans to self-governing communes or other public corporations.

The provisions with regard to the extinction of pass books, transfer of credit, examination of pass books, and loss of pass books do not materially differ from those of other countries in the Postal Union. We shall only speak here of those provisions peculiar to Japan.

§ 2. WORKING.

When a person makes a first deposit, he must write his name, his address and other information required on a special form of application supplied by the post office. The office enters the amount paid in the pass book and delivers the book to the depositor. Payments may be made in cash or in bonds. The latter type of deposit was only introduced in April, 1901, and only the following bonds are accepted:

- (a) All Government Bonds and their coupons;
- (b) All Bonds issued by the provinces with their coupons;
- (c) Bonds of the Mortgage Bank and of the Industrial Bank;
- (d) Bonds of the Colonial Bank of Hokkaido;
- (e) Post Office Orders Payable to the Depositor at the Office in which is his intention to deposit;

(f) Documents Authorized for the purpose of Withdrawal of Savings. In this case the deposit is equivalent to a "cancellation of withdrawal" and is indicated under that name.

The law also allows of deposits made by several persons in a special place and on a special day: for the purpose, the post office arranges to send an agent to receive the deposit. Further, in country districts, deposits may be made through the postman. Withdrawals are made as follows. On a special form supplied by the post office, the depositor makes application for withdrawal (partial or complete), with all the necessary indications (seal (1), amount of withdrawal, residence). The application is

(1) Serving as Signature in Japan.

forwarded either directly or through the post office to the General Direction of Savings, which, after the necessary examination, issues a warrant for payment in duplicate, one copy being sent to the depositor and the other to the post office where the repayment is to be made which uses it to check the payment. However, in addition to this class of withdrawal, called *ordinary withdrawal*, which, however, involves a long and complex procedure, there are three other *special* forms of withdrawal: withdrawals on demand, withdrawals while waiting at office, and extraordinary withdrawals. In the first case, the depositor obtains the money merely producing his book, and the amount may not exceed 50 yen a day and 200 yen a month. In the second case, a post office, specially designated to the General Direction of Postal Money Orders and the Savings Bank or one of its branch offices, after comparison of the entries in the pass book with the depositor's account in the ledger, arranges repayment at the request of depositors resident in its district.

Extraordinary withdrawals are those made in cases of calamity or disaster, such as justify the measure: in such cases the Postal Department publishes special notices with regard to the necessary procedure for withdrawal.

The rate of interest on deposits is fixed by Imperial Decree and fluctuates with the general economic conditions. The current rate is 4.2% per annum. The interest is reckoned from the first day of the month following the one on which the deposit is made to the last day of the month preceding that on which repayment is authorized. Further, if a single person possesses more than one book, as is allowed by the law, interest is only paid on deposits in the book first issued and if the books are issued on the same date, only on those in the book in which the largest amounts are entered.

Before terminating these brief notes on the working of the savings bank in Japan we wish to mention the following special points. Any savings bank business transacted with the postal authorities by a person legally incapable (married woman, minor or other) is considered as transacted by a person legally capable. Consequently such persons may deposit or withdraw their money freely without the need of any assistance.

§ 3. WORK DONE BY THE POSTAL SAVINGS BANK.

The General Direction of the Postal Savings Bank has recently published a detailed report of the business done by the Bank in the working year 1911-1912. It is not possible, from these data alone, to draw any certain conclusion with regard to the amount of Japanese savings, since they represent only a small part of the total savings. In fact a comparison of the deposits in the Postal Savings Bank with those in other savings banks will suffice to show in what proportion they stand to each other. There are a few data for the last ten years (in thousands of yen):

Year	Deposits in	
	Postal Savings Bank	Other Savings Banks
1902	27,197	143,900
1903	29,355	162,495
1904	31,644	188,942
1905	41,801	236,983
1906	54,248	308,650
1907	76,717	390,977
1908	92,889	362,395
1909	106,461	381,761
1910	127,112	418,265
1911	162,051	302,299
1912	184,532	?

From these figures we see that although the disproportion between the deposits in the two classes is tending to decrease, it still remains considerable, the proportion of the deposits in the Postal Savings Banks to the deposits in other Savings Banks varying from 18 % in 1902 to 53 % in 1911. The considerable decrease in the deposits in the Savings Banks in the working year 1910-1911 is certainly due to the fact that these Banks, which had up to then given large dividends, varying from 9.6 to 8.5 %, while keeping their average rate of interest on deposits between 5.35 and 6 %, suddenly decreased their dividends that year to 4.2 % (rate of interest of the Postal Bank).

This is therefore one of the principal reasons for the rather rapid increase of the importance of the Postal Bank in the national economy; let us therefore attempt to consider the various details more closely.

Let us first consider the variations in the amount of deposits and the number of depositors in the last ten years, taking account of the successive increases per cent.

Variations in the Amount of Deposits and Number of Depositors.

Year	Amount of Deposits (Thousands of Yen)	Increase per cent.	Number of Depositors	Increase per cent.
1903.	31,471	0.93	3,227,658	1.92
1904.	38,780	2.32	4,583,355	4.07
1905.	52,836	3.62	5,685,551	2.40
1906.	72,266	3.68	6,745,677	1.86
1907.	91,532	2.67	7,837,695	1.62
1908.	105,330	1.51	8,557,077	0.92
1909.	123,379	1.71	9,815,058	1.47
1910.	161,027	3.05	11,017,588	1.23
1911.	183,314	1.40	11,687,047	0.61
1912.	196,500	0.71	12,380,000	0.50

It follows from these data that, while in 1903 the total amount deposited was a little more than 30 million yen, in 1912 it was six times as much, amounting almost to 20 million yen. The number of depositors has increased a little less markedly, having almost twice doubled itself in the ten years, which on the other hand implies an increase of more than two thirds in the amount deposited per head. We shall return to this later. The largest increases per cent in the amounts were realised in the years 1903, 1906 and 1910, and were 3.62, 3.68 and 3.05 respectively; the smallest, 0.71 %, we find in the year 1912. We find the largest increases per cent in the number of depositors in the years 1904 (4.07 %) and 1905 (2.40 %) and again the lowest in 1912 (0.50 %). The fact that the largest increase in the deposits corresponds with the working year 1904 and that of the depositors with 1904-1905 is without doubt to be considered as an immediate consequence of the war. Thus it is to be noted that an increase in the deposits was observed about the beginning of the war (1904), while from the middle of the war to the end (1905-06) the deposits flowed in largest quantity to the Bank.

The other largest increase per cent in the deposits observed in 1910 is to be considered as the direct consequence of the abundant rice harvest of the preceding year and the consequent fall in price of this article of first necessity. In fact, on the Tokyo market, the average price of rice per *koku* (1), which in 1907 was 16.02 yen fell to 12.54 yen in 1909, to rise again to 12.93 yen in 1910. This period of exceptional cheapness could

(1) 1 *koku* = 1.80 hl.

not fail to have a favourable influence upon Japanese savings, and further, this influence is specially evident in the figures given above, because, immediately afterwards, the price of rice again rose very rapidly, so that the quotations of the Yokohama Exchange showed the average price of rice of medium quality in January, 1913 as 25.20 yen per koku, against 23.50 in January, 1912. And as the fall in price of rice had reduced an increase in the savings, so, for contrary reasons, the recent rapid rise in price is a cause of the minimum percentage of increase we have already observed in 1912. And although the price of rice is, not the only cause, it is, however, by very far the most important of the many causes contributing to these results.

But, as we observed above, the fluctuations in the amount of deposits in the Postal Bank must also be recognised as immediately due to the interest paid by it on deposits. And in fact while, for example, the average rate of interest paid on savings deposits by the 14 ordinary savings banks in Yokohama is 5.33 %, the Postal Bank, after reducing its rate to 4.2 % in 1910, has no further varied it, thus giving ample opportunity for the competition of the other Savings institutions.

If we examine the fluctuations in the amount of deposits received by the Japanese Postal Bank and the number of the depositors, for each five of the last twenty years, we get the following figures :

Year	Deposits (yen)	Depositors
1892	218,500	910,000
1897	263,400	1,260,000
1902	288,000	1,710,000
1907	915,300	7,840,000
1912	1,965,000	12,380,000

This means that in twenty years the deposits have increased a little more than ten fold, and the number of depositors has increased thirteen fold.

However, comparing these figures with those given above, we see immediately that the increase in the two decades has not been regular and was far more rapid in the second than in the first. To understand the meaning of this better it will be enough to examine the data given in the following table showing the proportion of deposits and depositors to 1,000 inhabitants between 1892 and 1912.

Year	Number of Depositors per 1,000 Inhabitants	Amount of Deposits per 1,000 Inhabitants (yen)
1892	22	531.9
1897	29	598.8
1902	56	590.9
1907	153	1,784.4
1912	225	3,579.5

These figures will be seen to be even more significant when we see that if the increase in the proportion of depositors is evidence of the popularity of the Bank among the poorer classes, the increase in the proportion of the deposits shows on the other hand, the amount of their saving. The following figures show the fluctuations in the amount of deposit per head in the last ten years.

Year	Average Deposit (yen)	Year	Average Deposit (yen)
1903	9.75	1908	12.31
1904	8.46	1909	12.57
1905	9.29	1910	14.62
1906	10.71	1911	15.70
1907	11.68	1912	15.87

The increase, if not very rapid, was at least constant, except during the period 1904-1905, when the rate of increase of the amount deposited did not, as we see, compensate for the increase in the number of depositors proportionally somewhat larger.

Notwithstanding the increase in Japanese savings, they are still far from having attained the average of those countries which can show the most considerable amounts. The difference is very marked in the figures showing the diffusion of the spirit of saving among the population. In 1912, against 225 Japanese depositors per 1,000 inhabitants, there were in Belgium 387, in New Zealand 377, in Australia 298, in England 277 and in Holland 259. A comparison of the figures representing the average deposits per inhabitant would show that the position of Japan in this respect is far inferior. However, of course, the value of these comparisons is only relative, in the first place, because they only refer to the savings in the various Postal Banks, exclusive of those in other savings institutions and secondly, because the Banks themselves in various countries have different functions and varying importance, according to the special conditions in which they have to work.

§ 4. WORK OF THE POSTAL SAVINGS BANK IN THE VARIOUS PROVINCES OF THE EMPIRE.

It is important to examine the distribution of the work of the postal savings banks in the various provinces. In the following table we give the total figures for the amount of deposits and the number of depositors in the eight provinces in which the amount of savings is largest.

Provinces	Amount of Deposits (Yen)	Number of Depositors
Tokyo	20,419,295	790,857
Osaka	11,265,822	492,877
Kyoto	9,636,710	444,083
Chiba	9,010,035	339,772
Kanagawa	8,931,146	317,368
Chugoku	8,872,816	457,107
Yamaguchi	6,267,564	464,789
Iwate	4,904,136	388,785

These figures considered by themselves can indicate nothing else except concentration of the savings in the principal cities (Tokyo, Osaka). The very fact that the proportion of the deposits in the different provinces is not the same as that of the depositors shows that saving in the provinces must follow different lines. This in fact is confirmed by a consideration of the average per depositor in the various provinces. We shall not give here all these averages, but limit ourselves to observing that the highest figures are given by essentially agricultural districts and large agricultural centres (Tokushima, yen 28.42; Chiba, 26.52; Tokyo, 25.82; Fukui, 23.08; Osaka, 22.86). The essentially agricultural centres show the maximum percentage of diffusion. In fact the number of depositors per 100 inhabitants is greatest in the province of Kyoto, 38.4; then come Nara with 35.3, Shiga with 34.3 and Shimane with 34.3. The large industrial centres come much lower on the scale.

§ 5. DISTRIBUTION OF SAVINGS ACCORDING TO THE PROFESSION
OF THE DEPOSITORS.

Let us finally see how the savings in the Postal Bank are distributed with regard to the profession of the depositors. As is logical, we find the distribution according to profession corresponding with the territorial distribution and characterized in the same way, that is : with the greatest diffusion among the rural population and the greatest intensity among the commercial and industrial classes. The following table furnishes important statistics in relation to this matter :

Profession	Amount of Deposits (Thousands of Yen)	Number of Depositors (Thousands)	Average per Depositor (Yen)
Farming Class	533.1	3,780	14.10
Commercial Class	533.9	1,330	22.84
Public Officers	197.5	840	23.51
Unemployed or Employment Unknown.	177.6	730	24.52
Students	156.4	2,890	5.41
Miscellaneous Employees	141.0	570	24.73
Manufacturing Class	136.1	660	20.62
Workmen	127.6	870	14.66
Fishermen and Sailors	32.8	200	16.40

In conclusion ; an examination of the Japanese Postal Savings Bank reveals a certain arrest in recent years in the progress of its business, an arrest partly due to the general state of the national economy and partly to the competition of other savings banks. It also leads us to the conviction of the great popularity of the Bank with the agricultural population and its small success in industrial circles where generally more lucrative investments are preferred, or at least the higher interest other savings banks offer on deposits.

REGENCY OF TUNIS.

AGRICULTURAL CREDIT IN TUNIS.

OFFICIAL SOURCES:

REPORT GÉNÉRAL DE LA COMMISSION D'AMÉLIORATIONS DE L'AGRICULTURE INDIGÈNE constituée par le décret du 13 mai 1911 (*General Report of the Native Farms Improvements Commission, instituted by Decree of May 13th., 1911*). Tunis, 1912.

COMPTE RENDU DES OPÉRATIONS DES SOCIÉTÉS INDIGÈNES DE PRÉVOYANCE EN 1911 (*Report of the Operations of the Native Thrift Societies in 1911*). Tunis, 1912.

On November 29th., 1910, the Native Division of the Advisory Board (1) and the Government for a special division to be founded at the Agricultural Department to direct and improve native agriculture. In response to his desire, the General Resident, by decree of May 13th., 1911, appointed a commission which entrusted M. Decker-David to prepare a general report. The report gives an account of the whole situation of native agriculture and its deficiencies. It groups together also, without modifying them, a number of special reports, and amongst others a study on Agricultural Credit by M. Coanet. We shall here summarise the various data contained in these reports whether relating to native thrift societies or to agricultural credit properly so called.

§ 1. ORIGIN AND ORGANIZATION OF NATIVE THRIFT SOCIETIES.

The variability of the Tunisian climate often presents conditions unfavourable to extensive agriculture. The native farmers had long taken into account the vicissitudes to which they were exposed by these natural conditions. Thus, when they were so fortunate as to have an abundant harvest, they made provision of grain for less favourable years. They stored in silos the wheat and barley in excess of what was required for sowing and for personal consumption. Thus they formed reserves of the grain for their co-religionists and themselves in years of scarcity.

But, in this way, their object was only imperfectly attained. First of all, when three or four bad years, followed each other, the reserves were quickly exhausted. In the second place, many small farmers did not profit by them, because the proprietors refused them any credit.

(1) With regard to the Advisory Board, see *Bulletin of Economic and Social Intelligence*, Jan. 1912, page 227.

Finally, in our days, the profound changes in the economic life of Tunis, above all since the organization of the protectorate, have proved the silos insufficient.

Formerly, indeed, the Tunisian producers could not export their surplus crops, on account of the absence of good means of communication. But now the facility of transport by land and sea has completely changed the condition of affairs, and, even before their grain is ripe, the farmers receive profitable offers from the trade which they hasten to accept: hence, also, again, a considerable decrease in the number and importance of the silos for storing grain.

Under these new circumstances, what was to be the fate of the small farmers in bad seasons? who would be able to lend them the grain they required? They appealed directly to the State, as alone able, in the absence of any independent organization, to relieve them. As a rule, the Government has responded to the appeal, but the Treasury funds being already assigned to expenditure for which provision had been strictly made, all their applications could not be granted; the farmers were therefore obliged to have recourse to usurious loans which, instead of being an assistance to them, involved them more deeply in ruin. Although he offers his land in security for his debt and undertakes to pay a rate of interest sometimes very high, the native is, generally, refused without pity, for those to whom he applies are not satisfied with an interest of 12 or even 18 %, but demand even harder conditions; as they know the borrower is in a miserable position, they end by prevailing upon him by means of subterfuge and perleying to engage his future harvest in return for an insignificant advance.

Thus it comes about that a hectolitre of olives, the price of which at harvest time varies from 12 to 15 francs is ceded in advance for from 5 to 10 francs. Wheat is sold at 10 francs the quintal, when six months later it could be sold at 30 francs, etc.

In the case of olives, these loans, generally made during the year and repayable as a rule between December and the following February, are for a term of from 9 to 10 months, give a profit of from 120 to 150 %.

Let us add that the olive harvest, subject to many accidents through disease, hail, drought, etc., is very uncertain, and generally the debtor cannot meet his engagements when due, either in full or in part.

After having paid the taxes for the year with arrears out of the yield of his harvest, he must hand over the rest to his creditor.

As soon as the olive season is over, the creditor demands repayment of his debt in full, either in kind (which is impossible) or at the market rate; threatened with legal action, the unhappy debtor can only accept a compromise consisting in a new engagement of his future harvest calculated at the current rate. This second operation increases the amount of the debt three or four times and as the olive does not produce regularly (generally, in five years there is one good crop, one half crop and three years in which the yield is nil), the debt is renewed indefinitely.

The following is one case out of a thousand reported to the Commission; an individual borrowed money on 26 hectolitres of olives at 5 francs hectolitre. At the end of a certain time, through the system of renewal above mentioned, after consigning to his creditor 154 hectolitres, he found himself still in debt for 1,400 francs and 90 hectolitres.

Here is another example.

In October 1908, X., borrowed from Z., an amount of 320 francs, for which he promised to pay 64 hectolitres of olives at 5 francs the hectolitre, in January, 1910, that is to say fifteen months later.

The debtor could only deliver 22 hectolitres of olives when due, and at that date olives were sold on the market at 15 frs. the hectolitre. He had therefore really repaid $22 \times 15 = 330$ francs and still owed 42 hectolitres, $42 \times 15 = 630$ francs. Not being able to consign more, he had to sign a new acknowledgment of debt to his creditor, secured on his future crop, at the rate of 7 francs the hectolitre, for 90 hectolitres. Supposing that the year 1910 is good and X. can pay off his debt, the price per hectolitre of olives being only 10 frs., the 630 francs are now 900. The 320 francs lent to him yielded then in the space of 30 months: $330 + 900 = 1,230 - 320 = 910$ francs.

We might mention a number of similar facts brought to light by the Commission in the course of its enquiry: we may see from the reports that natives are similarly oppressed and overreached, in the extreme south the proprietors of date palms, in the north and centre the grain farmers, everywhere the market gardeners.

In view of this situation, the Government consented to grant loans to natives, within the limit of its resources, obliging the natives to form thrift societies, with capital constituted by means of contributions for future needs of grain.

The benefits of this first attempt at association were not slow in making themselves felt.

"Consequently, it has been considered necessary," we read in the instructions addressed to the Caid by the Management of Finance, on the 30th, 1907, "to make the societies general and organize them under the form of mutual associations on bases sufficiently firm to assure the welfare of the native agricultural population and provide them with means not only for giving assistance at seed time, but also for mutual assistance in other circumstances."

This is the object of a decree of the Bey, dated May 20th., 1907, the provisions of which we shall briefly summarise.

The first chapter of the decree deals with the "Organisation of Native Thrift Societies." It is indicated in it that the newly founded societies have legal personality, may sue at law and possess real estate.

"All native farmers registered as paying *achour* (grain tax), *kanoun* (tax on olives), or the special tax for the island of Djerba from 1907 onwards, and they alone, may be members of the Society." (Art. 2, § 1).

The object of the Society is:

1st. "To enable its members by means of loans in kind or in money to do their sowing, to develop and improve their farming and plantations and to add to their agricultural equipment and increase their flocks.

2nd. To grant loans to other native thrift societies.

3rd. To grant temporary assistance to poor natives, whether farmers or labourers, suffering seriously through sickness, accident, agricultural disasters, epidemics among their cattle, etc.

4th. To arrange collective fire, hail etc. insurance.

5th. To found co-operative associations for purchase and sale among its members." (Art 3).

The society is managed by a Board composed of the Caid, as president, a delegate of the Manager of Finance, and presidents of the Committees of local sections.

These local sections have for their presidents one or other of the sheiks interested.

Finally, at Tunis there has been instituted a board for inspection and supervision of the native thrift societies, consisting of the Government General Secretary or his representative as president, and a high official of each of the Departments of Finance and Agriculture, Commerce and Home Colonisation (Art. 7).

The second chapter of the decree is concerned with the "resources of the societies."

These consist:

"1st. of members' annual contributions, namely, additional centimes, without any reduction, of the *achour* and *kanoun* and the special tax for the island of Djerba on real estate situated within the respective districts of the societies. The member has to pay the additional centimes on all these taxes and cannot limit his contribution to one of them only;

2nd. of the profit realised by the societies on the additional 5 % per annum, that may be exacted as contribution to working expenses, on the amount of all loans and advances granted by the societies on any ground.

3rd. of donations and legacies the societies may be authorized to receive;

4th. of the net assets of the existing societies transferred to the new one

5th. of the interest on provisional investments of available funds. The Financial Manager is authorized to make these investments on the proposal of the Board for inspection and supervision." (art. 9).

Further, the State advances to the native thrift societies an amount equal to the amount of the additional centimes of the *achour* and *kanoun* for 1907 and the Djerba land tax for 1908 received by them up to May 1st 1908, this amount not, however, to exceed 500,000 francs.

The Board of Management of the Society fixes the annual number of the additional centimes, which is the same for the whole of the caid's district and for all taxes.

The loans are distributed as follows:

"1st. The amount of the additional centimes of the *achour*, the net assets of the societies and the share assigned to the new societies in the

State advances corresponding with the centimes of the *achour*, are utilized generally for loans of seed ;

2nd. The amount of the additional centimes and the State advances, after satisfying the eventual requirements, contemplated in the two preceding paragraphs, may serve for loans either for the assistance of other native thrift societies with insufficient means, or to combat usury or prevent it being exacted from the owners of farms subject to the taxes on which the additional centimes are collected.

In July the Board of Inspection and Supervision fixes the relative amounts to be devoted, in the course of the next year, in each Society, to loans for seeds, for plantations and for other societies or to combat usury." (art. 12).

Having thus shown the origin and employment of the finances of the society, the 1907 decree in its third chapter, lays down rules for the loans and assistance.

The loans proposed by the societies can only be granted by them, after authorization received from the board of inspection and supervision and within the limits and with the reservations it judges necessary to impose.

The farmer who borrows must be guaranteed by two solvent persons. The Management of Agriculture, Commerce and Home Colonisation purchases and transports to the place of distribution the grain to be lent. The grain is delivered to the borrowers themselves by a *distribution office*, consisting of the President of the Society or his representative as president, representative of the Financial Manager, an agent of the Government Inspection Department and the notary acting as secretary.

The grain lent to the farmers for seed may not be transferred and is inalienable for any reason or on any ground whatever.

The loans are repayable between July 15th. and September 15th. of the following year.

The Native Thrift Societies may make loans for combating or preventing usury. These loans are guaranteed by solvent persons or on mortgage pledge.

They may also, under certain conditions, arrange for the insurance of crops against fire, hail etc., or in case of scarcity grant redeemable advances *khammès* (agricultural labourers engaged for the whole period from seed to harvest), *métayers* or labourers.

The fourth chapter of the 1907 Decree deals with the management of the thrift societies. Let us only say in this connection that the sectional committees every year from the 1st to the 10th. August hold a compulsory session, in the course of which applications for loans are examined and voted ; that the Boards of Management of these societies hold two compulsory sessions ; the first from April 10th. to 15th., for fixing the additional amounts for the whole district of the caid ; the second between September 1st. and 15th., to fix the list of loans.

The 1907 decree further provides that the additional centimes of the *achour*, the *kanoun* and the special Djerba tax shall be collected according

to special lists, and receipts given of the same colour as those for the principal tax, prepared by the Financial Manager, consideration, being taken in the case of each society, of the decision of the board of inspection and supervision.

Such is, in outline, the organization of the native thrift societies.

The decree of May 20th., 1907 therefore inaugurates a new era: it gives Tunisian agriculture a security and means of progress hitherto unknown to it, by which all the native farmers must benefit. "Even those who, by reason of their comfortable circumstances do not require to ask the Societies for loans, will benefit in the person of their *khamms* employees or labourers, who may, under certain circumstances, appeal to the societies for credit, and even, in exceptional case, obtain assistance free of charge."

The details of these regulations have been modified in two points which are, however, fairly important.

The first change was made by the decree of December 31st., 1909: the decree enjoins that all Tunisians or assimilated races, registered, paying *medjba* (poll tax), *achour*, *kanoun* on olives and dates, *mradj* (land tax) and the special land tax for *Djerba*, from 1910 are members of the native thrift societies of full right and must therefore pay 10 centimes additional to the above taxes. These centimes, which, in the case of the *medjba* amount to 50 per head, are fixed at 8 centimes per franc of the amount of each of the articles on which the other taxes are levied.

Further, the additional centimes levied for the benefit of the native thrift societies are collected together with the corresponding tax, by means of the same voucher and by the same method.

Let us finally note the decree of January 26th., 1911, completing the organization of the native thrift societies with respect to the fight against usury.

Art. 18 of the 1907 decree runs as follows:

"In order to combat or prevent usury, the society may make loans to enable the borrowers either to extinguish their previous debts or to provide themselves with the necessary means for purchase of implements and live stock or the improvement of the same. These loans shall be guaranteed either by solvent guarantors, or on mortgage or pledge."

The 1911 decree is only an extension of this article: it allows long or short term loans for the combating of usury (maximum: fifteen years) and assures the thrift societies of the necessary funds. The progressive extension of this decree to the various regions of the Regency necessitating the grant of considerable advances, it was to be feared that the societies would be unable to grant them, in view of their obligation always to reserve a part of their cash for loans of seeds. As a remedy the above decree provided that they might receive special advances from the State, not at interest, to be repaid in fifteen years, out of the annual payments made by the Bank of Algeria, up to the half of the total amount of these payments, the other half being reserved for mutual institutions.

both Europeans and natives. Further, the decree allows the societies have recourse when necessary to loans from third parties authorized by Government, giving as security all or part of their assets. Each society can further offer as security, the joint and several liability of its members. This liability is however limited to twice the amount of the annual land tax to be paid by the members, it is to be noted also that the members will never be called upon. For this reason, the applications for loans are examined with the utmost attention by the boards of management as well as by the General Manager of Finance and the Council of Inspection.

In addition to an annual charge of 1 % on the capital borrowed, the societies bear a maximum rate of 8 %, reduced to 6 % when the mortgaged property is registered. This difference in the rates is not solely due to the difference in the security offered by the two classes of real estate; the object is to show the natives clearly the advantage of registration thus to induce them to apply for it. The decree further reserves to the societies the right to demand it at the expense of the borrower who may thus have the expenses thus incurred may be added to the original amount of the loan.

The loans are repayable, either in full at the expiration of the period agreed, which may not exceed fifteen years, or in annual instalments; this latter mode of repayment presents the advantage of allowing the borrower to discharge his debt gradually by means of annual deductions from his income. In the case of loans for fifteen years, these deductions, interest and sinking fund together, amount to 10.98 % when the security consists of registered real estate and to 12.41 % (1) when it consists in unregistered real estate, that is to say a rate inferior to that of the interest alone generally paid by the farmers up to the present. The long period for which loans are granted implies that this method of repayment presents the difficulty in that the borrowers are allowed, in the case of loans of this nature as in that of others, to pay off their debts in advance.

§ 2. THE RESULTS GIVEN BY THE NATIVE THRIFT SOCIETIES.

We have endeavoured in the preceding pages to give an accurate idea of the organisation and work of the Native Thrift Societies. It remains now to say how the natives received these reforms.

Immediately after the 1907 decree, native thrift societies were established in each of the *cadats* of the Regency.

There were 35, with 112 local sections and by December 31 st., 1907 total number of members might be estimated at about 110,000.

(1) This rate, higher than that charged by the Land Credit Institute of France, makes it possible for the native debtors of the thrift societies to transfer their debts to that credit establishment.

All the local sections, assembled in June 1907, voted the additional centimes with alacrity; they well understood the advantage for all in the rapid constitution of funds which would enable the thrift societies to work normally within a short time.

These centimes were in general paid very exactly: those of *achou* yielded 159,595 francs; those of *kanoun* 89,963 francs and those of the Djerba tax 26,056 frs. To these personal contributions, the total amount of which in 1907 was 275,614 frs., were added, in the case of certain societies the amounts yielded by the liquidation of the thrift associations existing in their districts at the date of the 1907 decree, and the State subvention, which we have already spoken of.

The economic crisis by which Tunis suffered in 1908 could not fail to have a bad effect on the development of the resources of the native thrift societies. Yet, the collections, in spite of it, might be considered satisfactory. The ill effects of the crisis were besides reduced by the distribution of 500,000 francs in advances granted to the societies in terms of article 10 of the 1907 decree; this amount was distributed among them in proportion to the additional centimes received by May 1st., 1908.

The amount of contributions really paid in 1898 under these three heads was 244,117 francs; the number of members was 150,000.

The experience of 1908, which was a year of scarcity, showed how important it is for the societies to form, with little delay, a capital large enough to enable them to meet a possible agricultural crisis.

The loans granted in 1908 produced a very favourable effect on the minds of the natives. They now perfectly understood the advantages to be obtained from the societies, especially in bad seasons.

In 1909, 281,982 francs were paid in contributions. At the end of the year there was a twofold reform, which will have a beneficial effect in increasing the resources of the societies. While on December 31st., 1909, a decree specially intended for these societies, fixed the amounts to be collected under form of centimes additional to the land tax paid by the natives, making the payment compulsory, a decree of the same date on the reform of the *medjha* increased the assessment for this tax by 50 centimes by which the Native Thrift societies profit. Under the influence of these beneficent reforms the assets of the Thrift Societies on December 31st., 1910 amounted to 2,310,964 frs. (1) But previous bad years had forced the societies to contract loans of seeds on a very large scale (2). The fight against usury had really still to be fought

(1) 2,852,692 frs. 92 c. on December 31st., 1911.

(2) The loans of seeds were:

For the year	1907-08	25,628.20
"	"	"
"	1908-09	1,750,360.39
"	"	"
"	1909-10	670,563.42
"	"	"
"	1910-11	1,737,523.49

Total . . . 4,184,075.50

id for the purpose the decree of January 26th, 1911 above mentioned as promulgated.

The provisions of this decree were first applied in the caïdat of Djerid which, by reason of its distance from the large centres, had long been the prey of usurers. Although, as a result of local conditions, the term for the first series of loans should really have closed at the end of May, 1911, the board of management had already received 118 applications for a total amount of 639, 200 frs.

Of these 118 applications, only 28 were brought before the board of inspection in 1911. The others were either withdrawn while under examination, or not further insisted on by the applicants, or rejected by the board of management on various grounds (the late season inducing the lenders to increase excessively their valuation of their standing crops, etc.). The amount lent on December 31st, 1911 was 89,040 frs., to which we may add 337 francs for expenses in connection with the deeds (stamps, notaries' fees, registration etc.), making altogether 89,377 francs.

The work undertaken in the Djerid must not only be considered from the point of view of the amount of business done. The object was not to do a large business; the thrift societies are not banks working for their private interest; the Government does not forget that the business in question is principally a matter for private enterprise; it is also ready to encourage private undertakings to which it above all proposes to open the way with the view of obtaining for the native farmers credit at reasonable rates. Now, the intervention of the Djerid Society precisely has had a most beneficial moral effect on the whole country. It has demonstrated the great value of the land of the oases and attracted offers of capital the effect of which has been to reduce to reasonable proportions the annual rate of interest which used to be from 40 to 50 %. Finally, the system of sale and return, in every way a disastrous system, has received a blow from which without doubt it will never recover.

The effect was not limited to the caïdat of Djerid. The native Tunisian farmers have quickly learned to appreciate the benefits of the work of economic defence undertaken in their behalf and a large number of them have applied for loans. But, in conformity with its programme, the Government has, up to the present only extended the struggle against usury to the part of the societies to the administrative districts of Sousse and Souk-el-Arba, which have more especially suffered. A beginning has been made with Sousse in the first three months of 1912, when more than 100 applications for a total amount of more than 350,000 francs were submitted to the boards of management of the Monastir, Sousse and Mahdia societies for examination. The measures under consideration will be gradually introduced in all the regions where the need for them is felt.

Let us add again, the activity of the native thrift societies is beginning to manifest itself in the foundation of branch societies, which assume the form of co-operative societies and devote themselves to special business, such as collective purchase and sale. These associations find in

the moral and financial support of the thrift societies, to which they are attached, a real guarantee of success.

The first group founded under these conditions was the *Native Horticultural Co-operative Association*, of Gabès, working since the end of 1910, the objects of which, according to its rules, are:

- 1st. The collective purchase of manure for the improvement of the soil of the oases, with a view especially to the cultivation of tobacco;
- 2nd. The improvement of fruit cultivation and market gardening and the increase of intensive cultivation;
- 3rd. The collective sale and despatch of the produce of the farms of the members;
- 4th. The execution of agricultural works of collective interest with the proviso that the application be made by at least two thirds of the members.

As we have seen the native thrift societies make short term loans under the form of advances of seed in years of scarcity and long term loans on mortgage. These are outside the field of agricultural mutual credit business, with which we shall now deal.

§ 3. AGRICULTURAL MUTUAL CREDIT.

Agricultural credit was organized in Tunis in 1904 at the suggestion of M. de. Bouvier, supported by M. de Beaumont and a group of colonists.

A decree of May 25th., 1905 assigning to purposes of mutual credit an advance of a million and the amounts received from the Bank of Algeria, permitted of the foundation of the Regional Bank which began working in October, 1906.

Agricultural Mutual Credit is short term credit, usually for nine months (the length of the agricultural season), based on pledge of the crops and the joint and several liability of the borrowers.

The object of mutual credit is to facilitate for members of credit societies such agricultural operations as give an immediate profit, for example, harvesting and the purchase of breeding stock.

The mutual credit societies can only lend small sums (four or five thousand francs at most), as the joint and several liability of their members must not be subjected to heavy risks. They are intended principally for workmen who cannot give much real security, and who, as we have seen, often sell their crops cheap in advance, for need of a few hundred francs.

But they are not only intended for those whose means are limited; the large landowners must set the example, lending the support of their solidarity.

The founders of mutual credit in Tunis have not refused to admit the natives as members of their credit banks, as permitted by the 1905 decree; this is not merely in the moral, but also in the material interest of the French farmers, for the collective prosperity will increase the value of their farms. Among the mutual credit institutes is a Regional Bank, with head quarters at Tunis. Its capital (now 70,000 francs) is formed of 100 francs shares at 5% interest. The State advances four times the amount,

ring no interest. The capital and advances are converted into securities the yield from which enables the Bank to meet all its working expenses, to pay interest to shareholders, and to form a reserve fund.

This capital deposited for security in a bank, gives the Regional Bank right to discount up to four times the amount.

In this way the contributions paid up on shares enable the regional bank discount the bills of the local banks up to twenty times the amount of above paid up contributions.

The regional bank does not in fact lend directly to farmers, but to groups of lenders constituting local banks, absolutely independent, each of which invests its capital in regional bank shares.

The capital of these banks also consists in shares, generally 40 francs res, $\frac{1}{4}$ th. paid up, the shareholders' liability being twenty times the value of the share, or 800 francs per share. The share gives its possessor right to borrow the same amount.

In many banks the liability is for a larger amount or even unlimited for all members jointly and severally, and the banks are then able to do a larger discount business.

The Regional Bank lends to the local banks at the official rate of the Bank of Algeria, at present $4\frac{1}{2}\%$. The local bank makes a deduction in order to form a reserve fund and meet its working expenses. It then lends $5\frac{1}{2}\%$, which in Tunis, is a very fair rate.

The maximum credit that may be opened to members depends not only on the total resources of the bank, but also on the wealth of the district, the farming carried on in it and the nature of the guarantee.

It is for the board of management of the local bank to examine the applications for loans and to forward them to the Regional Bank. It must be prudent in the grant of credits, and only lend when it is convinced the borrower will be able to repay at maturity.

If the loan is granted, the borrower signs a bill at ninety days, or two or three bills for renewals, when the loan is granted for six or nine months. The borrower gives a pledge as security or finds an endorser of his bill.

The Manager of the local bank endorses the bill to the order of the Regional Bank and forwards it to the latter where it is submitted to a Discount Committee. After the bill has been approved by the Discount Committee, the amount is sent directly to the borrower by the Regional Bank. If the Regional Bank has not the funds available it discounts this to another Bank.

The services of the boards of management of the local and regional banks are not remunerated. The only officials paid are the managers of the regional bank and the accountants who ensure the good working of the regional and Local Banks. There are now affiliated to the Regional Bank twenty two local banks and two co-operative livestock improvement societies in the principal centres of the North of the Regency.

The following tables give the proportion of French and native members per Local Bank, as well as the increase in the amounts of the loans. 571 members, 113 were natives and had borrowed 35,180 frs.

Local Banks	French Members	Native Members	Loans Granted to Natives
Ain-el-Asker	41	3	800
Béja	13	—	—
Beu-Arada	15	—	—
Bl-Avoussa	52	—	—
Goubella	12	36	16,750
Gromballa	44	12	3,200
Massicaut	24	1	2,000
Mendjea-el-Bab	31	32	7,800
Mornag	41	—	—
Monarghia	37	2	300
Munchar	43	1	1,000
Oued Ramel	15	—	—
Pont-du-Fahs	13	—	—
Souk-el-Khémis	30	—	—
Tabarka	20	—	—
Tebourba	15	10	3,130
North-West-Tunis . . .	12	1	200
Ebba-Ksour (Le Kef) . .	Founded in 1912	—	—
Oued-Zeigha			
Briouicht			
Zaghouan			
South-Tunis	Exclusively Native	15	»
Total	458	113	35,180 francs

We give here the total business done by the Regional Bank in the year 1907-1911.

	New Loans	Renewals	Total
1907	409,401 fr.	866,622 fr. 10	1,276,023 fr. 10
1908	454,880	891,624	1,346,504
1909	516,556.45	1,135,500	1,652,056.45
1910	522,830	1,154,652	1,677,482
1911	586,400	1,361,688.50	1,948,088.50
1912	805,886.90	»	»

The reserve fund of the Regional Bank was 13,366.52 frs. on December 31st., 1911 and 17,327.22 frs. on December 31st., 1912.

Loans Granted to Natives Since 1906

Year	Number of Borrowers	Amount Borrowed
1906	34	10,120
1907	53	20,150
1908	57	20,520
1909	63	24,450
1910	89	28,630
1911	98	35,180

The amounts lent to natives have generally been repaid when due. There have been no losses on these loans. In accordance with the desire of the general meeting, the Board of Management of the Regional Bank is studying the possibility of inducing a larger number of natives to become members of the local banks, and even of founding new banks for them where there are none at present. The number of native members in the local banks is in fact still very small. This is because, on the one hand, the managers of the Regional Bank have given all their attention hitherto to removing the difficulties in the way of organisation; the borrower also, to be educated, he had to be taught to respect his engagements with regard to the date of payment; on the other hand, it was necessary to reckon with the innate objection on the part of the natives to any idea of association, above all to joint and several liability, and the precepts of the Koran which forbid any good Musulman not profit on a loan, but interest in proportion to the length of time. But the intelligence of the natives is being gradually awakened, and in proportion as they understand their interest, they will join the Credit Banks in larger numbers.

Part IV: Miscellaneous

AUSTRIA.

I. DEFICIENCY OF FOREST LABOURERS, AND ATTEMPTS TO MEET IT.

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The chief cause of the rural exodus is that manufactures are employing the labour that should be employed in agriculture. The want of the hands necessary for the cultivation of the soil is felt quite specially in the neighbourhood of industrial centres and large towns. The tendency to rural exodus is also observed in the immediate neighbourhood of large landed estates and precisely where there are very few small holdings fit for cultivation. On the contrary, where there are a greater number of small holdings, they are able to supply the large estates with a part of the labour they require. This is a supplementary source of gain for the small landholders, and enables them to cultivate their own farms better. Besides, where the land is divided, the most hardworking labourers who have not need of their own have a possibility of buying a small holding in the territory of a village, and settling themselves on it permanently. That is, on the contrary, often impossible in districts where large estates are found exclusively.

We here meet with the economic law that the lower classes tend to rise. The rural exodus is explained by a further reason, namely that the rural labourers, belonging to a class worse paid than any other, tend to improve their condition by taking work in factories which generally obliges them to live in towns. In no profession is there so great a distance between the simple workman and his immediate employer as in agriculture. Up to a certain point the deficiency of forest labourers was not so keenly felt as that of agricultural labourers. This may be explained by the fact that, generally, in winter the trees are felled, at a time when the small farmers can give themselves to the work without their farms suffering and as a rule under the conditions of piece work and at a higher rate of wages than is usual in agri-

culture. However, this reason only holds good in the case of forests in plateaux and on mountains of average height, where the trees can be felled in winter and where there is a dense population in the neighbourhood of the forests. On the contrary, in the high mountains the forests are often large and remote from human dwellings and at such a height above sea level that the snow that covers the soil prevents the trees being exclusively felled in winter. In such cases, as the felling has to be done to a large degree in summer, it is necessary to have permanent labourers who can be counted upon, for, in high mountains, there are few inhabitants in the neighbourhood of the forests and it is impossible to obtain a sufficiently large number of temporary day labourers there.

Recently the deficiency of labourers for these forests on high mountains has been felt more and more, especially in the neighbourhood of industrial or mining centres.

Even in the high mountains, forestry has ceased to be a work requiring large capital but little labour. Recently, as in the other branches of agriculture, so also in forestry, a general tendency has manifested itself to increase the labour with a view to increasing the revenue. But there is no greater obstacle to this than the deficiency of labourers, for it is only with a sufficient number of hands that provision can be made for the various kinds of work in connection with forestry and the output increased.

To form a general idea of the steps to be taken to meet the deficiency of forest labourers, we must begin with the preventive measures employed in agriculture: namely:

1. Extensive and efficient employment of agricultural machinery;
2. Employment of temporary day labourers;
3. Increase of wages up to a maximum allowing of the business giving satisfactory financial results;
4. Home colonisation and the permanent establishment of the labourers on the soil;
5. Finally, various measures for the facilitation and improvement of the conditions of the labourers' lives, included under the special term, "Arbeitsfürsorge".

In the case of forestry, the measures included under nos. 1 and 2 have no importance, except in rare instances. The employment of machinery for clearing is scarcely possible on the steep slopes as a rule left by agriculture to the forests. On the other hand, modern improvements in the means of transporting wood, the employment of narrow gauge railways and other methods at first only serve to liberate the waggons, of which there is less deficiency, but that does not reduce the need of labourers. Temporary hands can be but rarely employed in forestry and only by way of exception, since the work requires permanent labourers with special experience in felling trees and in the local uses in regard to forest work. It is only quite exceptionally that, in summer, temporary labourers can be employed in charcoal burning, roadmaking, etc.

A very important and effectual way of meeting the deficiency of forest labourers is to raise the rate of wages. However paradoxical the assertion

It appears, this reduces the net profits very little when the difference between the rate for the preparation of wood for industrial purposes and that for its preparation for firewood is increased in proportion. Three or four times as much is paid for deal for industrial purposes as for firewood. The labourers carefully select the wood for industrial purposes the more they will be the gain of the forest proprietor. Consequently, when the payment received by the labourer for the work of preparation of the wood for industrial purposes has been raised fairly high and that for the preparation of fire wood is on the contrary comparatively low, he has every interest to produce the largest possible quantity of the former. In this way, the effect of the higher wages is compensated for by the larger receipts, owing to higher prices being obtained for the wood produced. We give an example.

In 1899 on a large forest estate, in Styria, the rate of wages per day was 2.00 crowns. In 1912 it had been raised to 2.80 crowns. During the same period payment for piece work in connection with felling trees and preparing the wood had increased as follows :

in an average of 1.02	crs.	per cubic metre	of wood for industrial purposes in 1899		
"	1.90	"	"	"	1911
"	0.85	"	of firewood	"	1899
"	1.05	"	"	"	1911

A great difference has been purposely made between the rate of payment for piece work in the cases of wood for industrial purposes and in that for firewood, as also between the increases granted in the two cases. It was intended in this way to follow the system of payment mentioned above so as to induce the labourers to exercise greater care in the production of wood for industrial purposes and thus reward them for the greater value of their work. It was further desired in this way once more to affirm the true principle of political economy in accordance with which the labourer must receive a higher salary for the preparation of that class of wood from which the owner derives the largest profits.

The result of the application of this method of payment is as follows. In the forest estate in Styria, in question, the proportion of wood furnished for industrial purposes was :

in 1899	67 %
in 1911	85 %

On another forest estate in Lower Austria, the wages of the labourers and the percentage of wood for industrial purposes obtained were as follows:

		1900	1910
for soft wood	per cubic metre	90 heller	115 heller
wood for building	"	90 "	115 "
for cellulose	"	140 "	175 "
firewood	"	94 "	110 "
Percentage of wood for industrial purposes .		70 %	84 %

Certainly the increase in the production of wood for industrial purposes cannot be ascribed exclusively to the system of payment of which we have spoken. But it can not be doubted that it is greatly affected by it. It is also evident that if, in consequence of the increase in wages, intentions more considerable in the case of wood for industrial purposes, the cost of production has increased, there is compensation for this in the fact that wood yields larger profits than formerly.

Another effectual way of meeting the deficiency of forest labourers by forming colonies of such labourers as do not yet possess holdings of their own. Young men who desire to have a home of their own, are particularly ready to work as forest labourers, when they are given freely, or at a low price, a dwelling and a piece of land on which they can keep livestock. With this, fair payment is made for piece work and the measures in favour of labourers of which we shall speak below are adopted, the owner of the forest will be able to meet any eventual deficiency of labourers, without outside help, even at the least favourable seasons. The special measures in favour of labourers referred to under No. 5 are :

1. The reduction of the price of the most important food stuffs, by the help of special warehouses ;
2. The organization of a system of hygiene and the amelioration of the health conditions, above all by providing the labourers with healthy dwelling houses and granting them free medical attendance ;
3. Old age pensions and eventually subsidies to disabled forest labourers.

A long theoretical study could not show the possibility and the utility of the practical application of these means better than an examination of the following case will.

In 1889, the Emperor Francis Joseph bought the forest of "Eisenerz" in Styria, with an area of 21,000 hectares, from the "Oesterreichische, pine Montan-Gesellschaft". The wood cutters had up to that date been members of the mutual society of the iron mines of Eisenerz Erzgebirg, the most important iron mines in Austria. When the forest was bought the society paid the wood cutters an amount of about 8,000 crowns withdrawn from the mutual society to which they had belonged, as the amount to which they had a claim. This served to constitute the capital of the wood cutter's mutual society which, up to 1901, was administered by the Imperial and Royal Administration of the Eisenerz domain, on mutual lines. Yet, as at first this woodcutter's society received no contribution from the Imperial and Royal Administration, assistance for the sick and the other benefits granted by the society had to be provided exclusively out of the interest on this small capital and the contributions of members which were very low in accordance with the rules. Consequently in 1899 the capital began to diminish to an alarming degree. In fact the amount was :

DEFICIENCY OF FOREST LABOURERS AND ATTEMPTS TO MEET IT 125

in 1893	crowns 8,322
" 1894	" 9,934
" 1895	" 10,879
" 1896	" 12,618
" 1897	" 12,054
" 1898	" 13,088
" 1899	" 13,032
" 1900	" 12,499
" 1901	" 11,635

In 1902 new rules were drafted for the "Eisenerz Woodcutters' Sick and Old Age Fund." In these rules, which the members accepted, it laid down that the members' contributions, which had been found to be insufficient, should be increased, and that every year a certain percentage should be contributed out of the annual revenue of the estate. According to these rules the proprietor of the estate undertakes to pay the salary of the doctor and the expenses necessary for the installation of a pharmacy, further grants the labourers engaged for permanent work, whose number has been gradually raised to 140, houses and farms at a very low rent. For sick pay, the cost of medicines, etc. and pensions, provision will be made out of the sickness and old age insurance fund. Permanent labourers receiving more than 2.40 crowns a day must contribute 3.64 crowns per month. In case of sickness they have a right to 1.40 crowns a day. In case of permanent incapacity they receive a daily pension at the following rates :

after 10 years service	cor. 0.48
" 20 " "	" 0.72
" 30 " "	" 0.96
" 40 " "	" 1.40

Finally all those registered with the above fund as well as the members and their families have a right to free medical attendance. Since 1902 the annual reports show a constant increase in the capital of the society, as below :

1902	cor. 12,971
1903	" 14,289
1904	" 17,222
1905	" 18,141
1906	" 18,602
1907	" 20,278
1908	" 21,587
1909	" 24,090
1910	" 33,410 (1)
1911	" 34,138 (2)

1) Including a Gift of 7,216 crowns from the Emperor.

2) Not including the Working Capital of the Warehouse for Food Supplies.

The report for the last working year shows that the total of the amount contributed out of the revenue of the estate, together with the members' contributions and interest on capital, comes to about the same as the expenditure on medicines, etc, the sick pay and pensions, since, recently there has been a larger number of pensions to pay.

The revenue and expenditure for 1911 were as follows :

<i>Revenue.</i>		<i>Expenditure.</i>	
	<i>CROWNS</i>		<i>Sh</i>
Entrance Fees	18	Medicines, etc.	21
Members' Contributions	9,615	Sick Pay	31
Contributed out of the Revenue of the Estate	2,604	Burial Fees	1
Interest	538	Pensions	61
Fines	45	Working Expenses	
Total	12,820	Total	122

A further increase in pensions might have entailed the danger of a decrease of capital, if the gift of the Imperial proprietor and the new source of revenue constituted in 1907 had not inspired the confidence that even a future return of bad financial conditions would be avoided. In order to improve the conditions of the labourers and to liberate several families from the debts by which they were burdened, a warehouse for food supply has been founded. The very large profits from this business will be hereafter forward paid into the sickness and old age fund.

For the foundation of the woodcutters' warehouse, 12,000 crowns were taken from the capital of the society, which at that time was as we have seen above 20,278 crowns. The 12,000 crowns was to serve as working capital for the warehouse. The Emperor, whose very charitable nature is well known, granted the free use of a building, which, by means of a sum deducted from the profits of the estate, was transformed into a large warehouse. Provision is also made in the estimates for the forestry business for the carriage of goods to the warehouse and thence to the various sites at which they are to be delivered by means of horses belonging to the estate. Finally, in 1909, the Emperor presented to the sickness and old age fund, an amount of 7,216 crowns due by the labourers' families to their former suppliers. At first, there was a difficulty in that the labourers' families were for the most part in debt for small amounts to retail dealers so that they were constrained to continue to deal with them for their supplies. Provision was made for their liberation from these debts by paying the creditors, out of the profits of the Estate, the total amount due and clearing the several labourers each with the amount of his debt as a loan without interest extinguishable in monthly instalments. In 1909, the Emperor transferred the balance of his credits under this head to

ness and old age fund, on condition that the debtors' monthly payments should not exceed one crown.

The warehouse is managed by the Imperial and Royal Administrator of forests at Rodmer. He is assisted by a board of management consisting of a forestry guard and three permanent labourers. On this board the labourers therefore are in the majority. The goods are bought wholesale, or by private contract. The supplies are bought by the labourers, as a rule, twice a month on certain fixed days. The goods bought are entered in both parties in a register. Payment of the account is made on the following pay day.

At first only articles of the first necessity were sold (flour, bacon, etc.). Afterwards the number of articles increased more and more so that the labourers could emancipate themselves completely from the local traders. To-day, the warehouse sells almost every kind of food supplies, including smoked meat, veal, sausages, bread, potatoes, etc.

As provision was made for enlargement of the warehouse a larger amount had to be obtained from the sickness and old age fund. The amount was increased from 12,000 to 20,000 crowns. Provision was made for this increase by utilising as working capital for the warehouse its own profits, instead of paying them over to the sickness and old age fund from whence the above amount was obtained. It is only now that the profits are beginning to be paid into the fund again.

The balance sheet for the year 1911 showed the following amounts :

Credits on December 31st., 1911.		Debits on December 31st., 1911.	
	crs.		crs.
in Hand and Credit at the Imperial Savings Bank	6,173	Working Capital obtained from the Sickness and Old Age Fund . .	12,000
in Hand	18,240	Bills to Pay	15,288
Brought Forward from Last Account, for Payment on Next Pay Day	10,801		
Total	35,214	Total	27,288

Thus, since 1907, the profits have risen to 7,926 crs.

In 1911 the amount of sales of goods was 93,027 crs.

It appears from the balance sheets that :

1. The working capital has been increased almost five fold by the sales.

2. The annual profit has been about 13 %.

The work of the co-operative warehouse is shown in a special statistical table, from which we reproduce the following particularly interesting data :

1. The number of members (exclusively, employees of the Imperial and Royal Administration on wages, woodcutters either permanently or

temporarily engaged) consisted of 133 families at the end of 1907 and families in 1911.

2. A special calculation has shown that the families buying at warehouse have realised a saving of from 5 to 9 crowns a month on, they would have spent with the retail dealers with whom they dealt previously, while they have received better quality and better weight.

3. The statistics of sales show an increase in the quantity of bought and also a tendency to buy goods of better quality, thus, for example a larger sale of flour no 1 than of flour no 2. This is certainly because the warehouse gives the possibility of buying better goods at lower price.

The health of the labourers may be improved when they have been in suitable and healthy houses. When new buildings have to be constructed it is well to conform to the local type, taking care that the houses are well ventilated, on dry sites and exposed to the sun. These are conditions not easy to meet with in wooded districts. On the other hand sites which in other respects would be suitable, in valleys, often can not be used for the purpose, on account of the infiltration of water from the sides of the mountains. High land exposed to the South East is best adapted for the purpose. It will be well to build sustaining walls and make houses of wood rather than of masonry.

It is neither necessary nor practical to give each permanent labourer a very large house, for they do not possess much furniture. Generally it is enough for the house to consist of a large well lighted kitchen, one bedroom and another smaller, a larder, a cellar and a loft. The largest room would serve as a bedroom, while the living room would be the kitchen, as is usual among peasants, and labourers and this is why the kitchen should be roomy. In winter the family likes to gather round the hearth.

In most cases the proprietor or his agent not being in a position to provide the labourers with houses specially built for them, places old buildings at their disposal. In such case, it is necessary at once to proceed to a rapid and methodical adaptation of the houses, when they do not satisfy the requirements of health. When doing this the aim must always and above all be to obtain dry well lighted rooms.

It is the managers of forestry undertakings that must see to the provision of suitable houses for the labourers and also teach the latter to keep them clean and tidy, well ventilated and in good repair. For the purpose severity is not enough. Experience shows rather that it is far better to offer prizes to those who keep their houses cleanest and, eventually, to let the best gardens in front of their houses. These prizes, given in money, excite the ambition of the housewives and this is a far more effective stimulant than the fear of punishment.

Let us mention, finally, with regard to the pension to the permanent woodcutters that it may be obtained in two ways:

1. The manager of the business, when the occasion arises, pays the pension as an act of benevolence. In this case the labourers have to contribute.

2. The employer and the labourers together form a fund for old pensions. The money is deducted, in the employer's case, from the profits of the business, in that of the labourers from their salaries. The fund becomes the property of the labourers who administer it under the supervision of the employer. It must furnish the funds for the various benefits and subsidies.

In the States in which social insurance has been extended to include all classes of workmen and consequently those engaged in agriculture and forestry, and where, to be brief, old age insurance for both these classes is compulsory, it is not necessary to constitute private old age insurance societies. In these cases when the owner of the forest desires to exceed the minimum limit established by the law of the State, and interest himself specially in the welfare of his labourers, he will be well advised to deduct from the profits of his enterprise the amounts for special subventions in conformity with the first of the alternatives mentioned above. Where, on the contrary, as in Austria, there is no State insurance of agricultural forestry labourers, it would be well for the proprietors to adopt the second alternative. It will have a greater rural and educative force in this case than when it is simply a matter of increasing the amount of the old age pensions. There is no need for us to dwell on the necessity of settling in conformity with the rules of insurance technique, the premiums to be paid by the labourers as well as the pensions to which they will have a right, and the scale on which they are calculated in accordance with the number of years of service. Participation on the part of the proprietor in various forms of thrift institutions for his labourers is not merely a matter of the highest economic importance, for it serves to check the rural exodus and consequently to prevent a deficiency of labourers, but it has also its importance from the moral point of view, for it is an aid offered to the labourers less well off in their struggle for existence. It is, finally, also an act of justice, for not only the proprietor, the capitalist, but also the labourer has a right to have his share in the profits of the business.

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NORWAY.

HOME COLONISATION IN NORWAY.

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§ I. HISTORICAL INTRODUCTION.

In all the civilised countries the phenomenon of rural exodus and the proportionate increase of the town population is observable. It is in the first place the natural consequence of the development of manufactures and the improved means of communication. To this we may add the attractions of the present generation after greater personal independence, higher salaries and more varied forms of diversion and pleasure. Although these advantages of the towns are usually illusory, the phenomenon of the

desertion of the country is manifesting itself more and more and in the more remote districts.

This is a matter of the highest social importance, a cause of anxiety especially for statesmen, economists and agriculturists, above all in countries, the prosperity of which depends to a large degree upon agriculture. Many governments have already been obliged to take measures to check the excessive rural exodus.

Norway is a country in which the twofold phenomenon of immigration to the towns and emigration to other countries has been assuming very large proportions during some decades.

With regard to the migrations of the population within the country itself, the only accurate information we possess regards the comparative increase of the population in rural communes and in towns.

Increase of Population:

Period	Rural Communes	Towns
1861-1890	0.37 %	2.27 %
1891-1900	0.58 %	2.76 %
1901-1910	0.62 %	0.74 %

In respect to foreign emigration, we have on the contrary very detailed information. In the following table we summarise the data given in the official statistical returns in connection with this subject for the years 1896-1910, showing separately the total number of emigrants, the number of those between the ages of 15 and 29 years, and the number of adult males (over 21 years of age) who before their emigration had been engaged in agriculture, livestock improvement or forestry.

Years	Total Population of the Country	Total Number of Emigrants	Number of Emigrants between the Ages of 15 and 29 years	Number of Adult Male Emigrants Previously Engaged in Agriculture, etc.
1896-1900	2,242,167 (1900)	33,837	23,120	4,156
1901-1905	2,315,064 (1905)	103,195	69,665	12,295
1906	2,326,661	21,967	15,148	4,324
1907	2,335,977	22,135	15,676	2,965
1908	2,361,080	8,497	5,648	923
1909	2,379,156	16,152	11,916	2,668
1910	2,393,906	18,912	14,025	4,074
1911	2,415,452	12,477	9,570	2,728

As we see, emigration has assumed very large proportions in comparison with the total population of the country. We also see from this table that a considerable number of the emigrants had been farmers or agricultural labourers.

Although the greater part of Norway is covered with mountains and 9 % of the total area of the country is unproductive (1907), agriculture plays so important a rôle in the Kingdom as to constitute an essential condition for the prosperity of the whole nation. More than two thirds of the cultivated land consists of farms large enough to necessitate the employment of paid labourers. It is therefore evident that the rural exodus must be a very serious obstacle to the development of Norwegian agriculture and a real danger for the welfare of the country.

According to the almost unanimous opinion of the nation, the best means for assuring Norwegian agriculture of the labourers it requires would be the formation of a new class of labourer landholders, who, by farming a little piece of land of their own, might supplement considerably the wages they gain in the service of others. Thus permanent labourers would be established in the country, as is the more necessary, because the ancient class of agricultural labourers, the *husmaend* (a kind of base tenants) is continually decreasing in numbers. In the middle of the last century, when it was indeed made to renovate the ancient institution. But, notwithstanding the efforts made, the number of *husmaend*, which in 1855 was 67,396 fell to 60,492 in 1865, to 52,826 in 1875, to 33,469 in 1890 and 30,191 in 1900.

In 1894 Parliament had to deal with a proposal for the foundation of a State Bank for loans for the formation of labourers' holdings. This idea, which the Government had already brought forward in 1890 and 1891, however, did not meet with approval. In 1894 the State was only able to dispose of 200,000 crowns (1) and in the next year of 300,000 crowns, for the formation of a special fund (*Jordinkjopsfondet*) to enable the rural communes to buy land for allotment. As these measures were only experiments and insufficient remedies, a commission was appointed in 1899 to study the question more in detail. As a result of the investigations of this Commission, the Government prepared a bill for loans for labourers' holdings and dwellings (*Lov om Arbejderbruk og Boliglaan*) which was passed by Parliament on June 9th., 1903 and came into force on the first October of the same year.

This law is the basis of the home colonisation under State management in Norway.

§ 2. ORGANIZATION OF HOME COLONISATION.

The principal idea of the 1903 law was the foundation of a State credit institution to grant loans in behalf of home colonization. In the same

(1) 1 crown = 1.39 frs.

year as the law was promulgated the *Norsk Arbeiderbruk og Boligbank* (Norwegian Bank for Labourers' Holdings and Dwellings) was founded.

We propose first of all to give an idea of the organization of this bank then we shall examine in outline the various kinds of loans it grants. In our final section we shall give some information as to the results attained.

The *Norsk Arbeiderbruk og Boligbank* is managed by the managers of the Norwegian Mortgage Bank at Christiania under the chief supervision of the Minister of Finance. Its head office is at Christiania and it has branches at Bergen, Drontheim and Tromsø.

The capital of the bank was constituted out of State funds. It amounts at present to 10,000,000 crowns. The management of the bank, subject to the approval of the Minister of Finance, decides how the available fund shall be invested and on what security. The interest on the capital is paid every year into the Public Treasury, which has every year to pay the working expenses of the bank and the difference between the interest paid by the bank and that received on its loans. The State also guarantees the loans contracted by the bank, as well as any losses it may suffer through borrowers.

The bank may obtain the funds it needs by issue of bonds to be guaranteed by the State. The rate of interest is fixed by the management of the bank. The total amount borrowed must not exceed six times the amount of the bank's capital, or at present, 60 million crowns. The bonds are extinguishable in instalments within a period of from thirty to eighty years, while the Bank has the right to repay in advance.

The bank grants loans for two different purposes; those called *brukslaan*, for the purchase of small farms and those called *boliglaan* for building completion or purchase of labourers' dwellings.

The *brukslaan* are granted at 3 ½ % interest at most, either directly to persons without means, on the security of the commune they inhabit, or to rural communes, for the purchase and preparation of land for subdivision into allotments for labourers.

The *boliglaan*, on which 4 % interest at most is charged, are also granted either to poor persons on the security of their communes, or to rural communes, for the erection of houses for labourers. In addition, they are granted, also on the security of the local administrations, to building societies, for the erection of labourers' dwellings.

All these loans are redeemable in half yearly instalments. However for loans of the first class, (*brukslaan*), the repayment of the principal only begins in the sixth year and is continued for 42 years.

In the case of loans of the second class (*boliglaan*), none of the capital is repaid during the first two years and repayment is then made by instalments in twenty eight years. But the debtor has always the right to pay off all or part of his debt in advance.

If payment of the instalments is not made on the dates fixed, 5 % interest is charged and the balance of the loan can be at once demanded the bank being empowered to sell the property constituting its security on simple notice with no further formality. It has the same right in the

of the misuse of its loans. The bank must always be advised of the
by judicial order of real estate mortgaged to it.

* *

Let us now consider the special provisions in relation to *brukslaan*
anted directly to persons without means.

To be entitled to contract a loan for a labourers' holding, one must be
Norwegian citizen, whether man or woman, without means and must
re been pronounced by the committee of labour, the organization and
ctions of which we shall explain hereafter, capable of possessing, cultiv-
ing and keeping up the labourers' holding as a farm. It is required that
borrower be not already proprietor of rural real estate, the amount and
value of which together with that of the holding assigned would exceed
maximum amount and value mentioned below. As a person without
ansis understood any one who has need of a large sum in order to acquire
bourer's holding and who, according to the calculation of the committee
about, does not possess an estate of more than 1,500 crowns (2,083.50 frs.).

In terms of the 1903 law, labourers' holdings are lots of at least 50 ares
land cultivated or not, and at most 200 ares of cultivated land; their
ue, fixed as we shall explain hereafter, may not exceed 3,000 crowns
167 frs.) in all, or 2,000 crs. (2,778 frs.) for the land alone. In the same
mmune, loans will be granted on land capable of cultivation, but not yet
tivated before loans on cultivated land. The bank must hold a mortgage
the labourers' holding, the buildings and the amount they are insured for.

In every commune in which there are persons who desire loans from the
nk, a committee of labour is formed, consisting of a president and from
o to six members designated by the communal administration from among
e electors, in such a manner as to include both labourers and landhold-
: one at least of the members of the committee must be experienced in
ildings. They remain in office three years.

The president, amongst other duties, must direct the borrowers and
re them advice and he has to visit each holding at least once a year.
has also to be vigilant in promoting the sale of all private or State
nd suited for conversion into labourers' holdings.

Whoever proposes to borrow from the bank must make application
the president of the committee of labour, giving the most accurate
scription he can of the holding, buildings, the price and conditions of
rchase he desires and the plan of any buildings he proposes to erect.
e committee of labour as soon as possible will give its opinion as to the
plication. If it is favourable, the holding is visited and its value est-
ated by three members of the committee. By the valuation, made
parately for the land and the buildings, the "estimated value of the holding"
established and to this is added the value of the buildings to be erected.
e total forms the "value of the loan." The buildings planned must not
intended for more than one family. The appraisers also give their

opinion as to the kind of farming for which the holding is suited. The opinion is forwarded to the municipal council, which decides whether it shall guarantee the loan, for how much and on what conditions (especially the conditions of mortgage). When the administration has consented to guarantee the whole or part of the debt and in the latter case the borrower consents to this reduced guarantee, the papers are forwarded to the bank which then decides whether to grant or refuse the loan.

The loans may be granted up to 9/10 ths. of the value of the loan, but may not exceed 9/10ths. of the real price, increased, by the estimated value of any buildings to be erected. The amount of the loan is paid to the borrower who delivers in exchange a mortgage bond in due form. The part of the loan intended for buildings to be erected is paid gradually as they are executed, under the supervision and with the approval of the president of the committee. Until the loan has been repaid, the possessor of the holding is bound to cultivate it suitably, to keep up the buildings and insure them for their full value with a company approved by the bank, without having right to let any portion or erect any building to be let. If the landholder transfers his holding before repaying the loan in full, without the consent of the municipal council and of the bank management, they must be immediately advised and decide, if need be, to demand the balance of the debts. Exception is made when the committee of labour declare that the new possessor fulfils the requisite conditions for working the farm or when the transfer has been made by the landholder to his children or descendants.

* *

In the case of *brukslaan* granted to local administrations, the following special stipulations are laid down:

If the administration of a commune proposes to acquire a landed estate for subdivision for labourers' holdings, representatives of the committee of labour visit the land to be subdivided, make a description of it in accordance with a form prepared by the bank, prepare a plan of subdivision, establish the value of the loan for each holding, and propose the distribution of the purchase price among the various holdings. The committee examines these proposals, fixes the value of the loan and sends the papers to the municipal council with its opinion as to the conditions for the purchase of the real estate.

When a commune has decided to acquire a landed property, the bank may, on sight of the plan of subdivision, with the consent of the committee of labour, grant it a loan for the purchase of the land and the erection of the buildings the amount of which is fixed in the same way as in the case of loans granted directly to persons without means, or at not more than 9/10 ths. of the value of the loan.

The labourers' holdings thus obtained must be granted to persons without means satisfying the same conditions as are required in the case of direct borrowers. The district may itself erect buildings on the hold-

as, in conformity with the estimate for buildings to be erected serving as basis for the loan, and use the portion of the loan corresponding for the purpose.

When a person without means desires to acquire a holding he must send his application to the communal administration through the medium of the committee of labour. If the application is granted the price may not exceed that portion of the price paid by the commune corresponding with the holding, increased by the estimated value of any buildings erected. The loans granted by the commune for the facilitation of the acquisition of labourers' holdings are granted in the same way, bear the same interest and are repayable in the same manner as the loans granted directly by the bank to persons without means.

The communal administration may, however, require that the half-yearly instalments be paid three months in advance and the borrower must always anticipate the date. A mortgage bond is passed on the holding, buildings and the amount for which they are insured.

When the loans granted to a commune have not been employed within two years in the purchase of land for subdivision, the amount must be repaid to the bank, and when, during the same period, all the holdings have not been allotted, repayment must be made of that portion of the loan corresponding to the holdings not sold, including the estimated value of the buildings to be erected. The bank may, however, extend the term.

The communal administration is bound every year to send the bank a report on the operations transacted in the past year.

* *

The second principal group of loans granted by the *Norsk Arbeiderbruk Boligbank* are, as we have said above, loans for building, completion or purchase of labourers' dwellings, the *boliglaan*.

Any Norwegian citizen without means has a right to a loan for a house. In this case, a person without means is defined as one who requires a considerable sum in order to obtain a house under the conditions of the 1933 law enumerated below. In addition, it is required that the borrower, according to the calculation of the committee of labour, have not an estate more than 2,000 crowns' value in towns or groups of houses and 1,500 crowns any where else. The management of the bank decides what is to be understood by the expression groups of houses.

The conditions for the loan are that the buildings be intended for two families at most; that the land taken into consideration in estimating the value of the loan do not exceed 50 ares; that the value of the loan be as is stated hereunder, without deduction of the value of the capitalised rent of the land, do not exceed five thousand crowns in the towns or groups of houses, nor three thousand crowns in the country and that the land to be built on, also without deduction of the value of the capitalized rent, do not exceed 1,500 crowns in the towns and groups of houses and 1,000 crowns any where else.

Borrowing on rented land can only be allowed if the contract of lease can not be terminated, without the consent of the bank, before the expiration of the term fixed for repayment; and, in addition to the guarantee of the commune, a mortgage is passed to the bank on the holding including the buildings and the amount for which they are insured.

When a person proposes to contract a *boliglaan* he must make application to the president of the committee of labour. If there are buildings to be erected or completed, the plan and the estimate must accompany the application.

The holding is then visited and its value estimated by three members of the committee. They also estimate the value of the buildings to be erected in accordance with the plan. The two valuations together, less twenty five times the price of the lease, in the case of leased land, represent the value of the loan.

The committee of labour then forwards the application to the municipal council, together with the valuation and its advice as to the amount of the communal guarantee. On the basis of this information the municipal council, in its turn, decides as to the guarantee to be given and whether a mortgage shall be asked for in the name of the bank and under what conditions. No *boliglaan* can exceed 9/10ths. of the value of the loan or 9/10ths. of the real purchase price, increased by the estimated value of any buildings. Further no loan may exceed 2,500 crs. in the towns and groups of houses nor 2,000 crs. anywhere else.

When the communal council has decided to give the total or partial guarantee, and, in the latter case, the reduction of the guarantee has been agreed to by the borrower, the documents are forwarded to the bank which then grants or refuses the application. The amount of the loan is paid to the borrower who in return gives a mortgage bond in due form.

Until the loan is entirely repaid, the borrower is bound to keep the mortgaged buildings in repair, to insure them for their full value with a society approved by the bank and to cultivate the farm and its dependencies in a suitable manner. The president of the committee exercises supervision in the matter. If he thinks the borrower is not satisfying his engagements, he advises the municipal council and the management of the bank. The bank may demand repayment of the loan and must do so in case of its misemployment if the municipal council request it.

If a building society has for its object the obtaining of houses for persons without means or if a commune proposes to erect such houses, the plans for the erection, sale or lease of these buildings, as well as the rules of the societies, must be approved by the King. With regard to the size of the buildings, their estimated value and the area of the land, the provisions are the same as in the case of loans granted directly to poor persons. Moreover, the houses can only be sold or let to persons satisfying the above conditions. The municipal council is bound to report to the bank each year on the employment of the funds borrowed and the installation of the houses thus erected. Let us also mention that the maximum guarantee is fixed in the case of rural communes at 150,000 crowns and in that of urban communes at 100,000 crowns.

§ 3. RESULTS.

The statistical data at our disposal give us no information as to the number of loans granted directly to persons without means or of those granted to local administrations or building societies. At most we are able to give statistics with regard to the two chief types of loans; those for labourers' holdings and those for dwellings. Their number and amount are as follows:

Working Year	Loans for Labourers' Holdings (Brukslaan)		Loans for Dwellings (Bouiglaan)		Total	
	Number	Amount in crowns	Number	Amount in crowns	Number	Amount in crowns
3-1905	1,074	1,431,750	1,038	1,333,850	2,112	1,765,600
5-1906	1,526	1,900,250	953	1,146,250	2,479	3,046,500
6-1907	1,419	1,835,480	786	996,620	2,205	2,832,100
7-1908	1,359	1,849,500	786	1,021,187	2,145	2,870,687
8-1909	1,469	2,079,100	985	1,363,000	2,454	3,444,100
9-1910	1,345	1,906,050	961	1,363,600	2,306	3,269,650
0-1911	1,701	2,482,550	1,266	1,899,800	2,967	4,382,350
1-1912	1,686	2,613,750	1,367	2,034,750	3,053	4,648,500
Total	11,579	16,098,430	8,142	11,161,057	19,721	27,259,487

The following amounts were paid as interest on these loans:

Working Year	Interest on Loans		
	Loans for Labourers' Holdings (Brukslaan)	Loans for Dwellings (Bouiglaan)	Total
	Amount in Crowns		
3-1905	26,012	30,411	56,423
5-1906	83,773	76,375	159,848
6-1907	147,533	116,347	263,880
7-1908	211,309	154,868	366,177
8-1909	351,100	246,214	597,314
9-1910	346,383	249,507	595,890
0-1911	414,383	299,276	713,659
1-1912	504,696	374,584	879,550
Total	2,084,802	1,547,582	3,632,384

The following figures show the amounts of the loans repaid :

Working Year	Repayments		
	Loans for Labourers' Holdings (Brukelaan)	Loans for Dwellings (Bolliglaan)	Total
	Amount in Crowns		
1903-1905	1,077	1,175	2,252
1905-1906	3,227	22,658	25,885
1906-1907	11,230	48,791	60,021
1907-1908	27,321	76,586	103,907
1908-1909	55,891	128,938	184,829
1909-1910	53,237	147,027	200,264
1910-1911	124,249	215,497	339,746
1911-1912	170,586	304,866	475,452
Total	446,820	945,538	1,392,358

As we see the amounts repaid are small enough. But it must be remembered that during the first two or five years, according to the kind of loan, no repayment of the principal is made.

It is seen from the above tables that the bank grants more loans for purchase of labourers' holdings than for houses.

The principal object of the bank is therefore to encourage home colonisation by agricultural labourers.

The statistics we have with regard to the profession of the borrowers are less complete than could be wished.

However, as it is very important to know to which social groups the loans have been granted, we reproduce them below :

Among the borrowers during the year 1911-1912, there were :

- 1,613 agricultural and industrial workmen on daily pay ;
- 89 employees in the public services ;
- 555 artisans ;
- 55 *husmaend* (base tenants) ;
- 36 widows, women servants and sempstresses ;
- 106 fishermen and sailors ;
- 11 schoolmasters and schoolmistresses ;
- 23 members of the commercial classes ; agents, etc. ;
- 4 carters ;
- 3 sons of peasants ;
- 140 mechanics and electricians ;
- 47 peasants ;
- and 100 miscellaneous individuals.

The loans for building labourers' houses were granted almost in equal proportion in all parts of the kingdom; those for labourers' holdings above in the two most important agricultural provinces, Kristians and Hordaland. They are almost exclusively granted to farm labourers.

The following figures for the year 1911-1912 furnish information as to the amount of the loans:

Loans for Labourers' Holdings:

Number	Amount in crowns
9	100- 200
40	200- 400
92	400- 600
116	600- 800
176	800-1,000
153	1,000-1,200
157	1,200-1,400
200	1,400-1,600
150	1,600-1,800
195	1,800-2,000
69	2,000-2,200
88	2,200-2,400
241	2,400-2,700

Total 1,686

Loans for Dwellings:

Number	Amount in crowns
7	100- 200
56	200- 400
91	400- 600
98	600- 800
123	800-1,000
114	1,000-1,200
113	1,200-1,400
191	1,400-1,600
136	1,600-1,800
221	1,800-2,000
23	2,000-2,200
194	2,200-2,800

Total 1,367

With regard to the area of the labourers' holdings we have unfortunately no information.

The work done by the *Norsk Arbeiderbruk og Boligbank* is most remarkable and its importance for Norwegian agriculture cannot be exaggerated. But these measures are not sufficient for the completion of the work of home colonisation. Let us add that the organisation of home colonisation by private means is only in its initial stages. Thus, on the 14th of last February it was proposed at a meeting of the Norwegian Farmers' Union (*Norsk Landmansforbund*) to found a private society to engage in the work, with assistance also from the State. We shall deal later with any results this proposal may lead to.

PERU.

THE LAND QUESTION AND COLONISATION IN PERU

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When Peru liberated itself in 1821 from the dominion of Spain under which it had remained since its conquest by Francisco Pizarro (1525), the condition of the country was indeed deplorable: three centuries of exploitation exclusively inspired by the thirst for gold, had reduced to a very a land legendary for every kind of wealth.

Very long before its conquest Peru had reached a rather advanced stage of civilisation; under its native rulers, the Incas, whose dynasty originated in prehistoric times, the country had attained a considerable development, so that at the beginning of the 16th. century it had about 10 million inhabitants. Agriculture which had been held in high honour was now abandoned in the eager search for the precious metals. The now level plains of the Coast had been irrigated by an admirable system of conduits and the mountain slopes had been rendered fit for cultivation by means of terraces. Magnificent royal roads, made by the Incas, and worthy of comparison with the Roman roads, together with numerous intersecting roads, connected the various centres of the country. Of all these works, writes M. Walle, in his valuable book recently published, only there remain but the superb traces, of interest for the archaeologist alone.

When it had become independent, Peru passed through a period of disturbance owing to internal revolutions and wars with the neighbouring countries. Only in comparatively recent times has it enjoyed the benefits of peace and entered on a period of economic progress.

This progress is favoured by the natural conditions of the country, which has still enormous resources both mineral and agricultural. The Government is seeking to give agriculture a greater development, especially by means of a policy of colonisation.

Before mentioning the various proposals, that have been made, we think well to consider the general conditions of the country, so that the reader may better appreciate the action of the State in favour of colonisation.

§ 1. SOME INFORMATION ON THE GEOGRAPHICAL AND ECONOMIC CONDITIONS OF PERU.

Geographical and Demographic Statistics. — Peru lies between 3° and 18° latitude S. and 10° and 80° longitude W. of Greenwich. It has an area of 1,382,832 sq. km., exclusive of territory in dispute; its coast line, along the Pacific Ocean from the boundary of the Republic of Ecuador to that of Chili is 2,000 km.; on the east, Peru borders on Bolivia and Brazil. The population is 4,609,999 inhabitants, with a density of 3.3, according to the estimate made in 1906, which, however, is believed to be exaggerated. For the rest, the demographic statistics are very few and approximate, as the last census was taken in 1879. The population then was 2,661,000, with 13.8 % whites, 1.9 % negroes, 57.6 % Indians, 1.9 % half castes and 1.9 % Asiatics, principally Chinese.

The annual migration may be reckoned at 130,000 persons, 7 immigrants and 60,000 emigrants; the population would therefore increase in this way, by about 10,000 individuals a year. In 1905 the number of individuals who landed in Peru was 73,000, the number of departures was 64,000. In these migrations the Chinese figure largely.

With regard to the mortality, M. Walle, in his work, "*Le Pérou économique*", from which we reproduce much interesting information, observes that it is not very high and would be lower under better sanitary conditions.

Geographical zones of Agriculture. — It is usual to divide Peru into three very distinct zones in accordance with the physical features of the country. The Cordilleras of the Andes traversing the whole country from North to South form the Central zone, the region of the Andes, or *Sierra*. From the Sierra to the sea extends the *Costa* (coast). To the East of the Cordilleras we have the forest region called *Montaña* extending to the confines of Brazil and Bolivia.

1st. The *Costa* is formed of a strip of land 2,000 km. long and from 10 to 150 km. broad with an area of 250,000 sq. km., this region includes only the plain, but also the mountain region, rising to the height of 1,500 to 2,000 metres, and extending to the Sierra. The Coast is traversed by numerous torrents (some sixty) of which the chief are the Rio Grande, Condor, Rio Chancay, and Rio Chira. Although situated within the tropics it has a temperate climate, owing to the vicinity of the Andes and the cold sea current called Humboldt's current. The temperature varies in winter between 15° and 13° Centigrade and in summer between 24° and 22°. The Coast is the only region of the country in which there is a marked alternation of seasons. Let us observe that rain is unknown here; on the other hand, in the nights there are abundant dews.

The coast is the most populous part of the country and the best adapted for agriculture. The soil is cultivated, intensively; cotton and sugar cane especially thrive and olives, rice, tobacco, vines, fruits, vegetables, and prickly pears are grown.

The area of the coast capable of cultivation is about 20,000,000 hectares, but only 250,000 are cultivated. The chief reason for this small portion is the want of water; to obtain it large canal works were necessary. The progress and future of this agricultural zone depends therefore on irrigation (See § 4).

2nd. The Region of the Andes or Sierra consists of a mountainous mass from 60 to 220 kms. in width. It begins about 140 km. from the coast and runs north and south from one extremity of the country to the other, rising even to the height of 6,000 metres. At a height, varying between 2,000 and 4,000 metres, there are immense plateaux with numerous herds of cattle. In contrast with the Coast belt this region is subject to torrential showers, the climate is cold and, in the higher regions, glacial. There is a great difference in the temperature of day and night. In the inhabited part of the Sierra, the average temperature is 10° in the day time and

the night ; with a minimum of 0° and a maximum of 15° . Above 4,000 feet, the temperature falls considerably, to a minimum of -18° .

The Sierra is the region of grain, of cattle foods and livestock improvement. The soil is very rich in metals of every kind.

3rd. The *Montaña* (an expression not meaning *mountain* but *forest* land), extends from the east of the Cordilleras of the Andes to the borders of Brazil. It is about 1,000 kms. in length and its breadth varies from 500 to 900 kms. Its area is about 1 million kms. and it consists of an immense tract traversed by the Amazon and its numerous tributaries.

The most various plants of tropical countries are found here, chiefly rubber and ebony; the vegetation is luxuriant, but the climate is not healthy. This is the principal reason why this immense basin, rich in every kind of precious tree, has only a population of 130,000 inhabitants. The temperature varies from 20° to 30° in the day and from 15° to 20° in the night ; rains are abundant and very frequent, so that the country is very damp. The rainy season is from November to May; then the rivers flow inundating immense tracts that remain marshy for a long time and give rise to fevers.

Production. The agricultural produce of Peru is very various, on account of its geographical position and its mountains. Industrial plants predominate, especially cotton, sugar cane, caoutchouc and coca. In the absence of official statistics for the various products, we may form an approximate idea of the agricultural production of Peru from the statistics of foreign commerce cited among the sources of this article. In fact, the products of Peru are almost all intended for exportation, except of course food stuffs.

In addition to this agricultural and forestry produce, the mineral production is of the first importance. The soil is very rich in minerals and above all metals, in order of importance as follows: silver, copper and gold. According to the statistics collected by the *Body of Mining Engineers*, the mineral production of Peru in the two years 1904-1905 was as follows :

Mineral Products	Quantity (tons)		Amount (L. p.) (1)	
	1904	1905	1904	1905
Solid Combustible Materials	59,920—	75,338—	89,880.	100,7
Petroleum	38,683—	49,700—	89,037	116,7
Gold	0.60	0.78	75,102	106,7
Silver	145.20	191.50	530,875	729,4
Copper	9,504—	12,213—	504,604	725,5
Other minerals	23,429—	27,813—	51,261	50,3
Total	131,681.80	165,256.28	1,338,759	1,828,5

(1) 1 Peruvian Libra (L. p.) = 25 francs and is divided into notes; 1 sol = 2.50 fr. Gold is only standard.

The number of workmen engaged in mining and metallurgy about 13,000.

Foreign Trade. In view of the colonial character of Peruvian economy its foreign trade is comparatively very developed as the following figures show:

Year	Exports	Imports	Total
		(in Peruvian Libras)	
1908	5,375,712	5,295,625	10,671,337
1909	6,134,374	4,436,532	10,490,906
1910	6,408,282	4,631,280	11,039,562
1911	7,422,038	6,371,388	13,793,416

The principal articles of export are the following:

Exports	Amount in Libras	
	1907	1908
Cotton	516,257	798,000
Sugar	827,295	1,048,000
Cocaine	66,630	57,000
Leather (Raw and Manufactured)	•124,676	87,000
Indiarubber, Caoutchouc etc. . .	954,623	609,000
Straw Hats	96,698	
Wool	428,929	297,000
Guano	392,845	265,000
Metals and Minerals	2,003,689	1,601,000

Let us further mention in 1907 :

	Amount in Libras
Live Animals, Skins and Hides	23,340
Cacao	5,785
Coffee	31,752
Early Fruit and Vegetables	37,844

The countries with which Peru does the most trade are Great Britain, many, the United States and France: they import from Peru raw materials and export to it manufactured produce. The most important goods imported into Peru are.

Imports	Amount in Libras	
	1907	1908
Cotton Goods	651,249	560,000
Woollen Goods	259,317	298,000
Machinery and Fittings.	293,693	300,000
Drugs, etc	155,720	201,000
Coal	244,554	387,000
Timber and Wooden Goods	208,628	259,000
Manufactured Minerals and Metals.	1,150,495	1,077,000
Paper	140,000	127,000
Rice	205,903	

The principal South American Republics engaged in trade with Peru are Argentina, from whence it imports wheat, maize and cattle foods (total 1907: 25,132 L.p.; 1909: 117,864 L.p.), and to which it exports straw and bituminous substances (1907: 6,641 L.p.; 1909: 8,022 L.p.); Bolivia which it chiefly exports early fruit and vegetables, for an amount of 615 L.p. and fruit for an amount of 2,565 L.p. (1); Brazil from which it imports above all flour and coffee (total in 1907: 16,544 L.p.); Chili to which it exports sugar, hats, early vegetables and fruit (total, 1907: 212 L.p.) and whence it imports wood, grain, potatoes and salt (total 1907: 242,732 L.p.); Ecuador, whence it imports straw for hats, tobacco, fruit (total 1907: 66,630 L.p.) and to which it exports sugar, early fruit and vegetables (total in 1907: 25,214 L.p.).

(1) The figures for the trade of Peru with the adjoining republics represent the foreign trade generally, and evidently goods in transit for re-exportation are included; therefore they are comparatively high.

Communications. Peru is lacking in means of internal communication there are no more than 2,000 kms. of railway; the roads are insufficient and those existing are often primitive and sometimes impracticable. This is a great obstacle to the economic development of the country. The course of the Amazon and its numerous and large tributaries is of great importance for the transport of forest produce; but navigation under existing conditions presents serious difficulties. On the banks of the Amazon (called Marañon in Peru), in the centre of the Montaña region, rises the city of Iquitos, where almost all the export trade of the region is concentrated. In 1911, there were exported from this river port more than 2 million kilogrammes of caoutchouc, besides other produce. Part of the caoutchouc travels down the Amazon, but the greater part is exported from the Pacific coast, travelling by the Rio Ucayali and the Rio Pachitea and thence over land to the port of Callao.

Callao is the chief Peruvian port for the steamship lines connecting Peru with Europe. Of these lines one is English and one German.

Recently (end of 1912) Peru has formed a National Mercantile fleet for trade between Callao and the Pacific ports as far as Panama. Peru expects that its economic and commercial development will find a new incentive when the Panama canal is opened.

The following table gives the number and tonnage of the vessels that entered and cleared the port of Callao in 1910.

	Number	Tons
Entered	596 .	1,365,761
Cleared	598	1,356,897

Industry. As to industry, it is but in its initial stage, except for mining of which we have already spoken. There are, however, many sugar refineries and distilleries; factories of cocaine, straw hats, cotton and woollen goods, oil mills, factories of paper, soap and liqueurs, especially in the department of Lima. Industry might prosper since the raw material is abundant and cheap.

In recent years capital has begun to flow into Peru in large quantities especially since gold was made the standard.

This is chiefly North American and British capital for working the mines, for electric works, the extraction of caoutchouc or for the execution of public works. The most important capitalistic establishment is the *Peruvian Corporation Limited*, which, as it has assumed a large part of the Government debt, is of very great importance for the finances of Peru. It builds and works railways and is interested in navigation, colonisation, etc. It has received grants of land from the Government of from 500,000 to 2,000,000 hectares.

Finances. The financial situation of the country is satisfactory. According to the Government statement for 1910, the revenue was 2,795,775

and the expenditure 2,685,322 L. p.; The foreign debt is 3,140,000 and the internal liabilities amount to 2,660,643 L. p. The revenue is principally derived from customs dues (1910: 1,243,572 L. p.) and taxes (1910: 1,050,745 L. p.). There are six principal credit institutes, of which we shall mention the *Bank of Peru and London*, the *Italian Bank*, and the *Banca Alemán Transatlántica*. The six institutes have a total capital of £1,200,000. At the end of 1911 the *Bank of Peru and London* showed a total business done amounting to £4,100,000.

§ 2. AGRICULTURAL AND FORESTRY PRODUCTION

The agricultural production of Peru is as varied as its climate and physical conditions. As we have already said, the produce of the temperate zone of Europe and North America is here found together with that of the tropical regions.

With the geographical division of Peru according to physical features agricultural and forest produce is found to correspond. The *Costa* (coast) region of the sugar cane and cotton; the belt of the Andes is the region of grain and livestock improvement; the Amazon basin is that of the outchouc forests.

Sugar cane. This crop (1911) is cultivated over an area of 12,557 *fanegas* (1) and yields annually an average of 26.79 tons of sugar per *fanega*. The number of labourers employed on the sugar plantations is 100,000; their average wage is 1.20 sol (about 3 fr.). The amount of sugar produced in 1911 was 156,186,275 kg. of which 123,690,783 kg., valued at 156,364 L. p., was exported. In the same year the alcohol distilled from the sugar cane amounted to 6,187,000 litres. The area planted with sugar cane is provided with good roads which facilitates the transport. **Cotton.** The other principal product of the coast region is cotton, which is third in importance among the exports. Cotton has been cultivated in Peru from time immemorial, as is proved by the fact that cotton cloth is frequently found in the tombs of the earliest inhabitants. The principal region of production is the department of Piura, the northernmost region of the Coast and the warmest and driest of the whole country. Several varieties of cotton are produced; the best is sold on the European market at 240 frs. the 100 kgs; the next best at 162 frs. Peruvian cotton is in demand among manufacturers for it easily mixes with wool. It is so pure that when there is 10 % of Peruvian cotton in woollen thread it can only be detected by means of chemical analysis.

1 *fanegada* = 64,596 sq. metres; other measures of surface are the *cuadra* = 125 sq. m.; the *vara* = 0.695 sq. m.

The cultivation of cotton has made very rapid progress; even in 1911 Peru only exported 5 million kgs. while in 1911 the export amounted to 12 million kgs.

Cotton yields two crops a year of from 175 to 180 kgs. when ready for export. In good years the yield may be almost double this.

Another important product of the Coast is the *toquilla* straw for making Panama hats; the plant is, however, only cultivated on a small scale. In fact most of the hats are made of straw imported from Ecuador.

Cereals. Wheat, barley, oats and maize, are cultivated especially in the region of the Andes, but the mode of cultivation is primitive. The production of grain far from suffices for the consumption and Peru has to import a large quantity. Wheat alone was imported in the years 1907 and 1908 to the amount of 240,714 L.p. and 251,000 L.p. respectively. The countries from whence it is imported are principally Australia (1907: 391,282 q.) the United States (1907: 33,617 q.) Argentina (1907: 29,501 q.) and Chile (1907: 22,802 q.).

Maize is produced in larger quantity and constitutes the principal food of the Indians, corresponding with wheat in Europe and rice in Eastern countries. It is also used as cattle food and for the preparation of a drink much esteemed by the natives, called *chicha*; only in the valley of Chanay are the cultivation of Maize carried on on a large scale, and about 8,000 tons are produced in the year. Barley and oats are exclusively used for feeding horses.

We can only give approximate figures for the yield per hectare. It is about 950 kg. per hectare in the case of wheat sown on irrigated land and about 380 kg. in arid districts; in the case of maize 950 and 800 kg. respectively; in that of barley and oats 2,300 and 1,000 kg.

The production of grain might be increased and made remunerative were it not that the deficient means of communication make the transport very expensive.

Other Crops. Among the most important of the other crops, we should mention coca, coffee, bananas and potatoes. The quality of the soil in the Andes region is well adapted to the cultivation of every kind of tuber. In fact the potato yields on an average about 3,150 kg. per hectare.

The olive and vine are also cultivated and lately a considerable interest has been given to their cultivation. In 1906, 32,000 hectolitres of wine and 1,300 hectolitres of alcohol distilled from wine were made. In some districts rice is also grown.

Vegetables and fruit are not very largely cultivated; although every sort that is found in temperate and tropical climates will thrive in Peru.

A special product is the *quinua* which grows luxuriantly even in the poorest soils in the Andes region, up to the height of 13,000 feet. From it a food is prepared containing nutritive elements of the first order; both the natives and the whites make use of it.

It has been thought that this food might be welcomed by the poor classes in Europe who would find it exceedingly nutritious and cheap.

Livestock Improvement is very remunerative. Societies are therefore equipped with large capital to carry on the industry on a large scale and scientific principles of the modern systems of livestock improvement. Plateaux of the Andes support large herds of horned cattle and horses. The former supply the population, especially the town population, with food, besides furnishing leather, the latter are bred exclusively for export.

In Peru and Bolivia there are certain kinds of animals, the wool of which is very fine and highly valued, namely the *llama* (which serves also as a beast of burden); the *alpaca* and the *vicuña*. The quantity of wool annually exported is 4,000,000 kg., that of leather 125,000 kg.

In the Coast region, especially in the Department of Lima, pigs are raised in fairly large quantities, and are fattened on a preparation of maize, beans and lucern. More than 1,000,000 kgs. of bacon are annually produced, and the consumption in the country is so great that this does not suffice and more is imported from the United States.

Horse improvement is not largely carried on: one of the reasons being the *llama*, as we have said, besides yielding wool, is an excellent beast of burden.

Forest produce. The products of the tropical region of the Amazon basin between the Eastern Cordilleras and the Brazilian border are of great importance in Peruvian Economy. In this extraordinarily fertile region, which grows all sorts of trees and bushes from which the most varied drugs and industrial products, gums and resins of high commercial value and as hard as stone, are obtained. The exploitation of this wealth is retarded by the unhealthy climate, the scanty population and the want of means of communication.

Among the tropical plants exploited on a larger scale are those producing gums and resins. In 1908 these articles were exported to the amount of 609,000 L. p.

§ 3. HOME COLONISATION.

As we have seen, the population of Peru is very scanty and consists mainly of Indians and half castes. The Indians are the pure native races preserving the customs of their ancestors; they are in a very backward state of civilization, indeed, many of them who inhabit the regions of the sierra and Montaña, out of contact with the civilized world, are still savages. Their mode of living is very simple and so they have no need to work for money; but by nature they are not fond of work.

The prevalent system of agriculture is that of direct farming, with payment of labourers sometimes in money, sometimes both in money and in kind.

Under these circumstances and in view of the difficulty of attracting immigrants, the result is that of immigration of European labourers, on account of the low rate

of agricultural wages (about 2.50 - 3 frs the day), the problem of labour is naturally assuming great importance both in industry and agriculture. Therefore the Government has for many years been studying how to give greater development to agriculture, especially by means of home colonization.

Before dealing with this question, it will be well to say a few words on the land system.

The existing organization of the system in Peru is a relic of that established by the Spanish conquerors and has only been modified in so far as the system of land concession has been introduced, while, on the other hand, some large estates have been subdivided as a result of inheritance, etc.

When Francisco Pizarro conquered Peru in 1532, he divided a large part of the territory among his followers, establishing so many fiefs under the name of *encomiendas*. The natives at first were considered as slaves, then as serfs attached to the soil, and at last their position became a little better. In any case they shared the fate of the land on which they were established.

Later on, all the *encomiendas*, that had been granted to the Spaniards for a certain number of generations, reverted to the Crown. Then (1542) the condition of the natives was definitely fixed: they were placed in a state of perpetual legal inferiority, declared incapable of making contracts, or selling without authorization, etc. At the same time the Europeans were forbidden to enter the districts occupied by the natives and to come into contact with them.

This served to keep the natives in a condition of economic depression and inability to produce.

When Peru acquired its independence (1821-1824) the land system underwent no substantial change; large estates still prevailed (immense latifundia). So that even at present Peru is composed almost exclusively of large latifundia and immense domains of the State. Without considering the large grants of from 500,000 to 2,000,000 hectares made in recent years to various societies (Peruvian Corporation etc.), it is not rare to find *haciendas* of from 100 to 150 thousand hectares, of which, of course, but a small part is under cultivation. So of the 60,000 *fanegadas* constituting the area of the *haciendas* on which sugarcane is cultivated, only 12,500 or $\frac{1}{5}$ are really under cultivation. Small farms (*chacras*, *quintas*) found especially in the neighbourhood of cities are cultivated intensively, often for the production of early fruit and vegetables.

Home colonisation is therefore a problem of vital importance for the further economic development of the country, being the only means for attracting an active and productive white population. Many efforts have been already made by the Government with this object, but the results have been rather unsatisfactory. The attention of the various governments has been specially given to the *Montaña* region; for the colonisation of this immense territory various laws have been promulgated both far reaching and generous in character, but at first they had no success through defect of the means of communication. Then the

struction of the Pichis road was undertaken to serve for the transport of the produce of the region.

For the maintenance of this road and the development of traffic on it, the Government freely grants natives or strangers holdings of 50 acres each on condition of their establishing themselves on the banks with their families and constituting little settlements connected with the Pichis road. They must bind themselves to maintain the road in order for the passage of cattle, and to establish at every 40 kilometres a *chabo*, a kind of inn where travellers may find lodging and food for themselves and their animals at a fair price. In return, the Government grants possession of the holdings, provides the implements for clearing the soil and grants each family 40 centavos a day (about 1 franc), for a period of 12 months, that is up to the first harvest.

With the same object of facilitating the immigration of colonists and formation of societies, in 1898 the law on the "Montaña Lands" was passed. It declares the Amazon Territory State property except for those lands that have passed into private lands in accordance with the civil law. It then lays down the various ways in which land may be acquired: (1) purchase for a minimum price of 5 soles the hectare, payable in instalments; (2) concession system gives perpetual and absolute possession of the land; (3) co-tenancy contract, the conditions of which will be established in each particular case; (4) grant on condition of payment of an annual rent; payment of this rent is made in advance, at the rate of 1 sol per hectare in the first three years, the same amount in succeeding years on the portion cultivated, and 2 soles on every hectare uncultivated; (5) free grant of areas of more than 2 hectares on condition of clearing the land and bringing it under cultivation.

In spite of these favourable measures, private colonisation of the Montaña district has not made much progress; though many capitalistic societies have profited by them for purposes of exploitation especially of rubber.

All the same, various colonies of Europeans have succeeded in establishing themselves in the Montaña and have prospered. Let us mention those of Izo, with more than 700 members, of Oxapampa and Chancamayo. The first two are German Colonies the third is composed of members of various nationalities. After having overcome many difficulties, the colonies have seen their efforts crowned with success. They do not live close together, but each family has its own dwelling in the middle of its farm: they devote themselves to the cultivation of coca, tobacco, caoutchouc etc. The colonists, who have been able to win the good will of the natives, are managed, without much expense, to make large profits. The part of the district in which these colonies flourish, called Ceja Montaña, would be very well suited for the purpose, were it not that the want of means of communication, already referred to, is a serious obstacle to the progress of agriculture.

More recently the Peruvian Government has concentrated its efforts

on the colonisation of the Coast, which will offer the most favourable conditions when once the necessary works have been carried out.

In view of the meteorological and hydrographic conditions of the Coast (see § 1), in order to colonise and farm this region an immense system of irrigation will be necessary. The numerous streams of the region of the essential conditions for the purpose. We know that the original inhabitants of the country carried out large irrigation works, of which traces yet remain. Indeed, quite recently, farms have been successfully irrigated by utilising and restoring the old canals made in the days of the Incas. This is a fact of the greatest importance; with irrigation agriculture may again reach its former development. It is now proved that before the Spanish domination Peruvian agriculture was comparatively highly advanced. The colonial system, in which every effort was devoted to the exploitation of the mines and the subjugation of the people, occasioned its decay. The canals and means of communication opened by the Incas were destroyed, and much land that, by the ancient system of irrigation, had been richly cultivated, reverted to the condition of steppes.

The Government has therefore attempted to regulate the matter by means of ample facilitations and a system of water supply; in the "Código de Aguas" (Water Code) and the Law of October 6th., 1893, which is a fundamental law for concessions of land with a view to encourage irrigation.

This law authorizes concessions on very liberal conditions to those who bind themselves to irrigate the land they receive. Anyone may obtain a grant of land, consisting of the possession in perpetuity or for a long term of land and streams, on condition that he binds himself formally, giving a small sum as security, to carry out certain irrigation works on the land applied for. The grantee has also a claim to exemption from customs charges on machinery and farm implements, and, for three years, from direct taxation, besides other important facilitations.

The Government places at the disposal of the grantee the State lands required for the construction of reservoirs, aqueducts and every other work necessary for the irrigation. When the land belongs to private persons the Government may declare it land of public utility and expropriate it. But the measures adopted for the colonisation of the Coast have not had much success up to the present: they have not presented sufficient attraction for European colonists. Therefore at the beginning of the present year a new law was passed to provide the Executive with the capital needed for the colonisation and irrigation of the Coast, seeing that private initiative has not given the results expected.

§ 4. THE NEW LAW ON THE COLONISATION OF THE COAST.

Objects and Means. By law of January 4th., 1913 (N^o 1,794) the Government is authorized to contract a loan of £ 2,000,000, to be used only for the works of irrigation and colonization.

It is above all a financial measure; its object is to bring into the country a considerable quantity of foreign capital and provide the Government with adequate means for undertaking, on a large scale, the works of irrigation and colonization of the Coast, provided for in previous laws.

Form and Security of the Loan. The loan of £ 2,000,000 with interest is secured by first mortgage on the irrigated land and the works in connection with it.

The loan will be issued under the form of State bonds at 5 ½ % interest payable in instalments and in full after 30 years. Government will deposit in three months deposit in the national and foreign banks, specially authorized for the purpose, the money for the instalments and interest. Government will give a special guarantee of the bonds and the interest on them the Government will enter the amount corresponding on the Estimates every year up to 1942 inclusive.

The bonds will be issued in the following manner: up to £ 1,000,000 the State engineers have made their final studies and presented their plans, deciding which farms must be irrigated and colonised. The second million will be issued after the irrigation works have been begun, when as new capital is required for their continuation and a start towards the colonization of the land.

The price of issue for the bonds will not be less than 87 ½ %. They will be placed on foreign markets.

Irrigation Works. When the necessary capital has been collected, the Government will arrange with well organized societies offering every year by the necessary contracts for the work of irrigation and colonization according to the instructions of the technical commissions and under the supervision of the State engineers.

The contracts will be either offered for public tender or given directly.

Sale of Irrigated Farms to Colonists. Once the work of irrigation is completed, the Government will arrange the sale of the land to the colonists in lots of not more than 60 hectares each, provided with the necessary water supply. The price will be fixed so as to cover the costs of irrigation and colonization, including interest. The conditions of sale and the term for payment will be fixed by the Government.

The Colonists. Foreign colonists must be of white race and possess the minimum capital required for carrying out at their own expense the preparation and cultivation of the land up to the first harvest. The Government will see to it that this minimum is due course.

Expropriation. The Executive authorities may acquire, by agreement with those concerned or by means of expropriation, the uncultivated land included in the plan of irrigation.

In case of works of irrigation carried out on private land with Government money, the proprietors, if there has been neither sale nor expropriation, will be obliged to pay for the work.

Irrigation Fund. With the proceeds of the sale of the irrigated land, after deducting the amount necessary for payment of the half yearly interest, a fund will be formed called "Irrigation and Agricultural Fund". The Government will have power to invest the available capital in irrigation works or in loans to co-operative societies that may be formed. The loans thus granted will be guaranteed on mortgage on land improved by means of this capital.

The Government, on the other hand, will control the organization of the rural co-operative societies, approve their rules, and inspect their work.

Customs and Fiscal Facilitations. All machinery, iron implements and other material required for the irrigation works will be imported free of duty. Immigrants will further be allowed to bring with them free of customs duty once for all, the iron implements, seeds, plants, trees and farm animals they require. Further, the Government may exempt from any kind of tax for a period of 20 years, institutes and societies executing works of irrigation and colonisation.

